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DIVISION OF ECONOMICS AND HISTORY

John Bates Clark, LL.D., Director

ECONOMIC AND SOCIAL HISTORY
OF THE WORLD WAR

(*BRITISH SERIES*)

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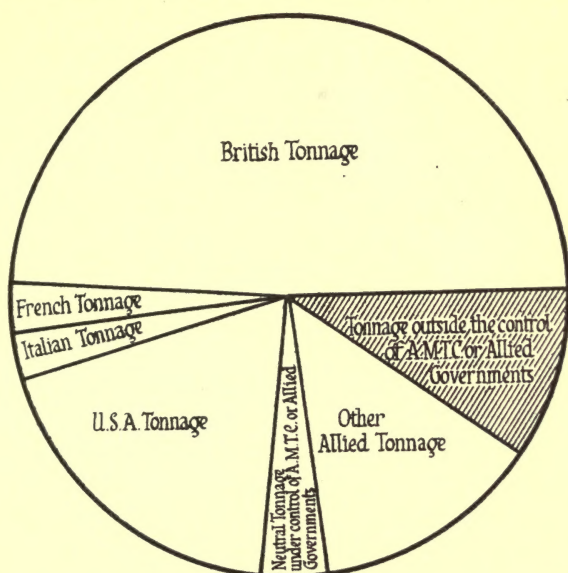
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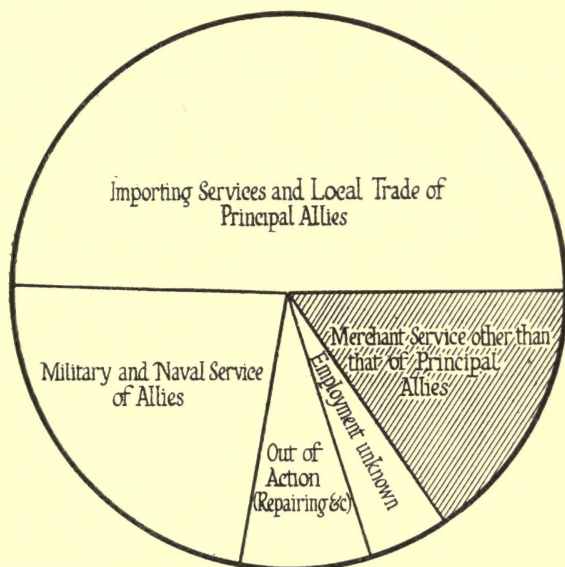
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of this volume.*

I. EXTENT OF ALLIED SHIPPING CONTROL AT THE ARMISTICE



It will be seen that 90% of the sea-going tonnage of the world was under the control of Allied Governments

II. EMPLOYMENT OF WORLD TONNAGE AT THE ARMISTICE



NOTE. The tonnage covered by these diagrams consists of sea-going vessels of 500 G.T. and over

ALLIED SHIPPING CONTROL

AN EXPERIMENT IN
INTERNATIONAL ADMINISTRATION

BY

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EDITOR'S PREFACE

IN the autumn of 1914 when the scientific study of the effects of war upon modern life passed suddenly from theory to history, the Division of Economics and History of the Carnegie Endowment for International Peace proposed to adjust the programme of its researches to the new and altered problems which the War presented. The existing programme, which had been prepared as the result of a conference of economists held at Berne in 1911, and which dealt with the facts then at hand, had just begun to show the quality of its contributions; but for many reasons it could no longer be followed out. A plan was therefore drawn up at the request of the Director of the Division, in which it was proposed by means of an historical survey, to attempt to measure the economic cost of the War and the displacement which it was causing in the processes of civilization. Such an 'Economic and Social History of the World War', it was felt, if undertaken by men of judicial temper and adequate training, might ultimately, by reason of its scientific obligations to truth, furnish data for the forming of sound public opinion, and thus contribute fundamentally toward the aims of an institution dedicated to the cause of international peace.

The need for such an analysis, conceived and executed in the spirit of historical research, was increasingly obvious as the War developed, releasing complex forces of national life not only for the vast process of destruction but also for the stimulation of new capacities for production. This new economic activity, which under normal conditions of peace might have been a gain to society, and the surprising capacity exhibited by the belligerent nations for enduring long and increasing loss—often while presenting the outward semblance of new prosperity—made necessary a reconsideration of the whole field of war economics. A double obligation was therefore placed upon the Division of Economics and History. It was obliged to concentrate its work upon the

problem thus presented, and to study it as a whole; in other words, to apply to it the tests and disciplines of history. Just as the War itself was a single event, though penetrating by seemingly unconnected ways to the remotest parts of the world, so the analysis of it must be developed according to a plan at once all embracing and yet adjustable to the practical limits of the available data.

During the actual progress of the War, however, the execution of this plan for a scientific and objective study of war economics proved impossible in any large and authoritative way. Incidental studies and surveys of portions of the field could be made and were made under the direction of the Division, but it was impossible to undertake a general history for obvious reasons. In the first place, an authoritative statement of the resources of belligerents bore directly on the conduct of armies in the field. The result was to remove as far as possible from scrutiny those data of the economic life of the countries at war which would ordinarily, in time of peace, be readily available for investigation. In addition to this difficulty of consulting documents, collaborators competent to deal with them were for the most part called into national service in the belligerent countries and so were unavailable for research. The plan for a war history was therefore postponed until conditions should arise which would make possible not only access to essential documents but also the co-operation of economists, historians, and men of affairs in the nations chiefly concerned, whose joint work would not be misunderstood either in purpose or in content.

Upon the termination of the War the Endowment once more took up the original plan, and it was found with but slight modification to be applicable to the situation. Work was begun in the summer and autumn of 1919. In the first place a final conference of the Advisory Board of Economists of the Division of Economics and History was held in Paris, which limited itself to planning a series of short preliminary surveys of special fields. Since, however, the purely preliminary character of such studies was further emphasized by the fact that they were

directed more especially towards those problems which were then fronting Europe as questions of urgency, it was considered best not to treat them as part of the general survey but rather as of contemporary value in the period of war settlement. It was clear that not only could no general programme be laid down *a priori* by this conference as a whole, but that a new and more highly specialized research organization than that already existing would be needed to undertake the Economic and Social History of the War, one based more upon national grounds in the first instance and less upon purely international co-operation. Until the facts of national history could be ascertained, it would be impossible to proceed with comparative analysis ; and the different national histories were themselves of almost baffling intricacy and variety. Consequently the former European Committee of Research was dissolved, and in its place it was decided to erect an Editorial Board in each of the larger countries and to nominate special editors in the smaller ones, who should concentrate, for the present at least, upon their own economic and social war history.

The nomination of these boards by the General Editor was the first step taken in every country where the work has begun. And if any justification was needed for the plan of the Endowment, it at once may be found in the lists of those, distinguished in scholarship or in public affairs, who have accepted the responsibility of editorship. This responsibility is by no means light, involving, as it does, the adaptation of the general editorial plan to the varying demands of national circumstances or methods of work ; and the measure of success attained is due to the generous and earnest co-operation of those in charge in each country.

Once the editorial organization was established there could be little doubt as to the first step which should be taken in each instance toward the actual preparation of the history. Without documents there can be no history. The essential records of the War, local as well as central, have therefore to be preserved and to be made available for research in so far as is compatible with public interest. But this archival task is a very great one, belonging of right to the governments and other owners of historical sources

and not to the historian or economist who proposes to use them. It is an obligation of ownership ; for all such documents are public trust. The collaborators on this section of the war history, therefore, working within their own field as researchers, could only survey the situation as they found it and report their findings in the form of guides or manuals ; and perhaps by stimulating a comparison of methods, help to further the adoption of those found to be most practical. In every country, therefore, this was the point of departure for actual work ; although special monographs have not been written in every instance.

This first stage of the work upon the war history, dealing with little more than the externals of archives, seemed for a while to exhaust the possibilities of research. And had the plan of the history been limited to research based upon official documents, little more could have been done, for once documents have been labelled ' secret ' few government officials can be found with sufficient courage or initiative to break open the seal. Thus vast masses of source material essential for the historian were effectively placed beyond his reach, although much of it was quite harmless from any point of view. While war conditions thus continued to hamper research, and were likely to do so for many years to come, some alternative had to be found.

Fortunately such an alternative was at hand in the narrative, amply supported by documentary evidence, of those who had played some part in the conduct of affairs during the war, or who, as close observers in privileged positions, were able to record from first or at least second-hand knowledge the economic history of different phases of the great war, and of its effect upon society. Thus a series of monographs was planned consisting for the most part of unofficial yet authoritative statements, descriptive or historical, which may best be described as about half way between memoirs and blue-books. These monographs make up the main body of the work assigned so far. They are not limited to contemporary, war-time studies ; for the economic history of the war must deal with a longer period than that of the actual fighting. It must cover the years of ' deflation ' as well, at least sufficiently

to secure some fairer measure of the economic displacement than is possible in purely contemporary judgments.

With this phase of the work, the editorial problems assumed a new aspect. The series of monographs had to be planned primarily with regard to the availability of contributors, rather than of source material as in the case of most histories; for the contributors themselves controlled the sources. This in turn involved a new attitude towards those two ideals which historians have sought to emphasize, consistency and objectivity. In order to bring out the chief contribution of each writer it was impossible to keep within narrowly logical outlines; facts would have to be repeated in different settings and seen from different angles, and sections included which do not lie within the strict limits of history; and absolute objectivity could not be obtained in every part. Under the stress of controversy or apology, partial views would here and there find their expression. But these views are in some instances an intrinsic part of the history itself, contemporary measurements of facts as significant as the facts with which they deal. Moreover, the work as a whole is planned to furnish its own corrective; and where it does not, others will.

In addition to this monographic treatment of source material, a number of studies by specialists is already in preparation, dealing with technical or limited subjects, historical or statistical. These monographs also partake to some extent of the nature of first-hand material, registering as they do the data of history close enough to the source to permit verification in ways impossible later. But they also belong to that constructive process by which history passes from analysis to synthesis. The process is a long and difficult one, however, and work upon it has only just begun. To quote an apt characterization, in the first stages of a history like this one is only 'picking cotton'. The tangled threads of events have still to be woven into the pattern of history; and for this creative and constructive work different plans and organizations may be needed.

In a work which is the product of so complex and varied co-operation as this, it is impossible to indicate in any but

a most general way the apportionment of responsibility of editors and authors for the contents of the different monographs. For the plan of the History as a whole and its effective execution the General Editor is responsible ; but the arrangement of the detailed programmes of study has been largely the work of the different Editorial Boards and divisional Editors, who have also read the manuscripts prepared under their direction. The acceptance of a monograph in this series, however, does not commit the editors to the opinions or conclusions of the authors. Like other editors, they are asked to vouch for the scientific merit, the appropriateness and usefulness of the volumes admitted to the series ; but the authors are naturally free to make their individual contributions in their own way. In like manner the publication of the monographs does not commit the Endowment to agreement with any specific conclusions which may be expressed therein. The responsibility of the Endowment is to History itself—an obligation not to avoid but to secure and preserve variant narratives and points of view, in so far as they are essential for the understanding of the War as a whole.

J. T. S.

PREFACE

THE main object of this book is to describe the work of the Allied Maritime Transport Council (the A.M.T.C.) and its permanent organization, the Allied Maritime Transport Executive, as an experiment in international administration. It attempts both to indicate the place which the Allied control of shipping occupied during the last year of the war in the general economic organization of the Allies, and to discuss how far the principles and methods of Allied co-operation then developed are of importance for the permanent purposes of peace as well as the temporary uses of war.

This Allied organization co-ordinated the control of all Allied shipping during the latter part of the war and may perhaps claim to be, within the economic sphere, the most advanced experiment yet made in international co-operation. It was, however, essentially an organization co-ordinating, and not replacing, the national departments which directed the respective mercantile marines and through that direction ultimately dominated the supply policy of the several Allied countries. It was from the beginning based upon the work of the national departments and did not, and could not, have an existence independent of them.

If, therefore, its work is to be understood, it will be necessary to say something both of the national systems of shipping control and of the general system of control of supplies both national and Allied.

Part I of the book is introductory. It describes the main features of the economic system which the war organization was destined to change, and sketches in very slight outline the shipping problem and its solution.

Part II contains a chronological account, still on a small scale, of the growth of the national control of shipping in Great Britain during the first three years of the war.

Part III describes, in four chapters, other main elements of Control during the same period. The first gives an account of the control of commodities, the second of the Blockade and the relations with Neutrals which it involved, the third indicates the importance of freights and profits in the development of control ; the last chapter sketches the submarine campaign—the struggle at sea—and for convenience this chapter, unlike those which precede it, covers the whole period of the war.

Part IV is intended to give an account, on a very much larger scale, of the work of the Allied Maritime Transport Council itself and its Executive during 1918, and to discuss the reasons which made practicable and necessary the methods by which its results were achieved.

Part V, an epilogue to the main theme, suggests some of the conclusions which may be drawn for the future of International Administration, an almost unexplored subject which demands much fuller treatment than the limits of this book allow.

Part VI, an Appendix, contains a collection of official documents and statistical information designed to illustrate and give authority for the substance of the text.

The sketch in Parts I, II, and III is intended less as a contribution to the economic history of the war than as an introduction to the theme of Part IV, and the scale on which particular subjects in it are dealt with is determined by this consideration. In the description of the work of the various departments of the Ministry of Shipping, for instance, and of other organizations, space is given, not in proportion to their intrinsic importance, but to their importance from the point of view of their relation to Allied Control under the Allied Maritime Transport Council.

Similarly, while some description is given of the British control system, little is said of the corresponding organization in other

countries, partly because I can speak with more knowledge and authority of the former system, but mainly because Allied control was based upon and associated with the British system, although the work of the British system would not have been possible without efficient controls in the other Allied countries.

My object is to describe the ground occupied by Allied control during the war. In front of it, and surrounding it, is the much larger territory occupied by national controls of shipping and by the whole extensive economic organization of which they were a part. I have taken the most direct path I could through this larger territory to my destination, attempting to describe what is visible on the way, but only within the limited range and from the particular perspective of a traveller along a narrow road in a vast region. Many others will, I hope, explore the wider territory and will view it from many angles and in many perspectives until at last it is surveyed in detail. Meantime, Parts I, II, and III merely give the notes of a passing observer making his way through to his own special field of survey.

A writer with official experience must submit to certain serious limitations and restrictions. I have imposed on myself (sometimes with great reluctance) as a self-denying ordinance the omission of all names and any attempt to apportion either personal praise or blame. The information used is throughout of a kind already published ; and the necessary official permission has been obtained for the publication of the official documents printed at the end of the book.

The last six years have taught almost as much in the sphere of civilian administration as in the art of warfare itself. Comparatively little, however, has yet been published, and the lessons learned in each separate experiment are for the most part known only at present to the actual persons who were engaged in it. I venture to express the hope that each of the important administrative experiments of the war may find some one who took part in it to record and publish an account while his memory

is still fresh. I believe that no economic history of the war that is not based on a series of such individual records will be adequate. In the actual circumstances in which the organization was developed and records kept during the war, no history based upon documents without the aid of direct experience can give a faithful picture. It is true that the inevitable bias which comes from being immersed in a single sphere of administrative work will require to be discounted. But the general historian will find it easier to make allowance for this than to overcome the difficulties with which he would be faced if his raw material consisted only of documents with no personal and direct evidence to interpret them.

J. A. S.

December 1920.

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PART I

INTRODUCTORY

THE ECONOMIC SYSTEM AND THE WAR PROBLEM

CHAPTER I

THE IMPORTANCE OF SHIPPING IN THE WAR

The German and Allied blockades, and the difference between them. Shipping first becomes a crucial factor in the war in 1917. When shipping is inadequate control of shipping involves control of supplies. The defeat of the submarine.

If an adequate history of the war is ever written it will probably give as much space to the economic as to the purely military struggle. It was as much a war of competing blockades, the surface and the submarine, as of competing armies. Behind these two blockades the economic systems of the two opposing groups of countries were engaged in a deadly struggle for existence, and at several periods of the war the pressure of starvation seemed likely to achieve an issue beyond the settlement of either the entrenched armies or the immobilized navies.

The conditions of the struggle were, however, very different on the two sides.

The Central Powers from the first days of the war were cut off from all overseas imports except for casual cargoes slipping through the blockade or goods from contiguous neutrals. They had no shipping problem, for they had no shipping opportunities. Their mercantile marines were from the outset penned in their harbours or confined to the immediately adjacent waters. Germany's economic problem resulted not from the insufficiency but from the cessation of overseas imports, and was throughout a problem not of transport but of internal production and of the distribution of increasingly inadequate supplies. During the first

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two and half years of the war the pressure of the blockade was continuously more effective and almost brought Germany to her knees during the hard winter of 1916-17. The larger harvest of 1917 and the supplies of Roumania left her in a better position during the following winter, but by the next autumn she was again in great difficulties and again faced with an almost impossible winter problem. In the event the blockade shared with the military forces the credit of deciding the issue in proportions which it is still impossible to determine with precision.

The Allied Powers on the other hand held the seas throughout the war and had the world to draw from, on two main conditions. One was that they could find the money to buy, the other that they could find the ships to carry. The first of these was the more important factor until the intensive submarine campaign ranged America with her wealth on the side of the Allies in the Spring of 1917; the second was the dominant consideration thereafter till the end of the war.

THE CRISIS IN 1917

It will be convenient at the outset to draw attention to this vital distinction of date, on which greater emphasis will be laid later. It is my strong opinion that in spite of high freights, in spite of the practical difficulties of shipping organization, and in spite of the various resulting inconveniences, there was no shipping problem in the sense in which it ultimately confronted the Allies until the winter of 1916-17; that is, until the intensive submarine campaign, based upon sinking without warning, had begun or was clearly in prospect. During the earlier part of the war the Allies had to consider how to deal with rising freights and their effect upon general prices; they had to meet the public demand for the reduction of shipowners' profits, and they had to construct an organization to secure that essentials only should be imported when shipping was no longer sufficient for both essentials and luxuries. But during this period they did not have to face the problem of importing their supplies in tonnage barely sufficient to bring in essentials, still less the more serious problem of cutting off a large portion of the real necessities of the civilian population and the combatant forces. This latter problem resulted, and

resulted solely, from the increased destruction of shipping through the new method of submarine warfare announced to the world in December 1916. It was to meet this problem that there were constructed, firstly, the more rigorous and more comprehensive systems of national control, and secondly, the instrument of Allied control described in this book.

About the same time as the new submarine campaign, and largely as a consequence of it, America joined the Allies. Apart altogether from the reinforcement that she thus brought to the military forces, her accession entirely altered the whole character of the economic problem. Finance as a fundamental factor in the Allied position disappeared. For the new alliance as a whole was almost self-sufficient, and finance in such circumstances is a problem either of national legislation, or at most of inter-Allied arrangement. Finance within a country, or within an alliance of which every member is determined upon victory, can be created in a moment by a vote of a Congress or a Parliament, and with America's entry therefore, finance ceased to be a crucial factor in the conduct of the war. Ships, however, cannot be so hastily improvised, and great as were the potential resources of America and the prospect of relief which those resources ultimately offered, her entry did not immediately alleviate the shipping position. On the contrary, the direct contribution which America put into the war in the form of her army of two millions and the supplies to maintain them entailed an even greater strain on shipping. Till the end of the war the total number of American merchant ships in war service was less than the number required to carry American troops and supplies.

A few figures will illustrate the grave change in the situation which was immediately caused by the new submarine warfare and the nature of the problem which confronted the Allies during the last two years of the war. During the year 1916 the average monthly losses of British ocean-going ships were 24. In the first six months of 1917 the average rose to 80. When the new campaign was in full force, 78 British ships of this type were lost in a single fortnight. By the end of 1917, Great Britain, France, and Italy, had at their disposal a total mercantile marine that amounted to 18,000,000 tons as compared with 24,500,000 tons

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before the war, and of this reduced tonnage they were employing about 5,500,000 tons in direct war service. Every month the direct requirements of the combatant forces were increasing, and the pressure on the diminishing margin of the supplies required for civilian life and for the manufacture of munitions was becoming more serious.

SHIPPING THE CENTRAL FACTOR

In these circumstances shipping became the very centre of the Allied problem and shipping control the centre of its organization. For in the long chain that binds together the effort of a country or of an Alliance it is always the weakest link that is the most important. The authorities in control of shipping acquired a dominant position in exact proportion as they found themselves unable to perform their proper task of meeting the requirements of the other departments. Month by month as the war proceeded, as the needs of imported war supplies increased and as the number of ships to import them diminished, those responsible for the supplies of the Army, for the food of the civilian population, and for the raw materials for every form of industrial or military manufacture, found themselves more and more in the position of having to frame their programmes and direct their policy in accordance with the number of ships which they would be able to secure. Month by month the shipping authorities, who desired no such responsibility, found themselves obliged to add to their proper task of picking the most suitable ships for the demands made upon them, the much more onerous task of deciding between those demands. Throughout the whole of this period the shipping authorities desired to see an organization in which they would take a leading but not a dominant part, and which would enable these competitive demands to be settled by adjustment between the competing supply departments both within each country and as between the Allies. The Allied Maritime Transport Council and its Executive and the associated supply committees were the final result of these efforts and the ultimate solution of the problem.

During the whole of 1917 and 1918, therefore, the Allies were, partly by naval and partly by civilian action, silently fighting the German submarine. The naval action included both attack

against the submarine by destroyer, by aircraft, by mining, and by depth charges, and also protection of the merchant ship by defensive armament, by dazzle-painting, by guidance through protected routes and, finally, by convoy. The civilian action consisted of an organization both of shipping and of the distribution of supplies designed to extract the maximum of utility from every ton of importing capacity. In this long and hard-fought struggle, of which for many months the issue was uncertain, the Navy, the officers and men of the mercantile marine, and the civilian officials who controlled shipping and supplies all took an essential part. This book will lift a corner of the curtain behind which this drama was being enacted. In what proportions the credit for the successful answer to the submarine should be allotted it is impossible at this moment to determine. Certainly the supplies of the Allied forces could not have been maintained without the naval protection of merchant ships, particularly without the amazingly successful system of convoy. It is equally certain that no system of naval protection would have been sufficient without the continuous and unflinching skill and courage of the officers and men of the mercantile marine. It is also clear, however, that the effort of both the convoying navy and the protected merchant vessels would largely have been in vain without the intricate and elaborate civilian organization by which only the most essential supplies were selected for transport and preference was given to the most vital needs of the country in their distribution.

DEFEAT OF THE SUBMARINE

It is satisfactory to note that in whatever proportions the credit may be justly assigned the victory was assured before the end of the war. Throughout the war the civilian populations were maintained, not without inconveniences but without serious hardships; no military force ever went short, no military enterprise was ever handicapped by failure in the ocean transport of its supplies; and well before the Armistice, Allied building had been so developed and the losses so reduced that the number of ships was increasing steadily from month to month. If the war had continued the Allies would have been faced with an extremely difficult supply problem through the winter of 1918-19 while the American forces were

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being increased in France and their supplies were being hurried up behind them, but they would have faced that problem with the definite assurance that, in the absence of some new development, it was a disappearing one, and that the supplies of their essential needs would be maintained without great difficulty from the spring and summer of 1919 onwards.

The submarine campaign was thus defeated definitely and completely in its own sphere, and not as an incidental result of the military successes of the Allies. But for over a year it had been the main hope, and by no means the impossible hope, of the Germans, and the main danger—a very deadly one—to the Allied cause. Throughout 1917 the German Admiralty were promising their Government an issue within six months. Hindenburg was urging his tired armies not to victory but to endurance. ‘We shall conquer if we persevere till the submarine war shall have done its work.’ The recently published letters of the Crown Prince reflect the waning hopes as month after month passed and the promised issue was not achieved.

The decision of the German Government to embark on the intensive campaign in 1917, with its consequent effect on America, has often been spoken of as a reckless and foolish gamble, but not by any one who was concerned in countering it. It was indeed unsuccessful, but unsuccessful only as a result of two counter-measures which had not been developed when the campaign commenced—the protection of merchant ships by naval convoy and the complete national and Allied control of supplies. Without these two counter-measures and with the continuance of shipping losses at the rate of April 1917, it is possible that the Allies would have been forced to abandon a large part of their military effort in the winter of that year; it is certain that shipping could not have borne the additional strain of transporting and supplying the new American Army in the following summer.

CHAPTER II

SHIPPING AND THE FREIGHT MARKET

Shipping a small industry in relation to its importance. Variety of types of Merchant Vessels. The size of the chief National Marines. Liners and Tramps. The main routes of World Traffic. British Shipping. Its position at the outbreak of war. The Freight Market and its working.

THE WORLD'S SHIPPING

MERCHANT shipping has throughout history occupied both in the public mind and in the economic system of the world a place altogether out of proportion to either the human effort or the capital which it represents. The ordinary citizen of any civilized town enjoys in his daily life the products of every quarter of the globe. The very fabric of modern life is built upon the interchange of the goods of widely sundered nations. But the steamships by which the communications of the world are maintained and its products and manufactures exchanged have never exceeded in number some 8,000. Those employed in manning them amount to some 450,000 and those in building them to perhaps another 250,000, small numbers compared with the 8,000,000 persons occupied in agriculture in a single country such as France. The total value of all the ocean-going ships in the world before the war was not more than some £300,000,000, that is, less than the capital invested in two English railway companies. The total amount of steel sunk in the ships lost during the war was only some 5,000,000 tons, that is, not more than 12 per cent. of the steel production of America alone in a single year.

These figures are almost trivial by comparison with those which measure the effort of the belligerent countries in the war. It would have been one of the most disproportionate things in history if for the want of application of so relatively small an amount of human energy to one part of their economic system the whole economic effort of the Allies had failed and the whole of their military effort been wasted.

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The 8,000 or so vessels which composed the world's means of overseas transport were not uniform and interchangeable units. They ranged from an Atlantic liner of 40,000 tons, built for speed and carriage of passengers and unfit for cargo, to a small collier tramp of a twentieth of the tonnage. Few carried passengers only, many carried passengers and cargo, most carried cargo only. They ranged in speed from over twenty knots to less than seven. Of those which carried cargo, some ran as liners and plied with the punctuality and regular routine of a railway train throughout the year. Others, the tramps, the adjusting element in sea transport, went wherever the varying requirements of trade and changing seasonal demands might call them. Some were built to carry light freight, such as oats or wool, and had large cargo-carrying space in proportion to their displacement. Others were built for the heavier cargoes which, with little space, would bring a vessel down to her Plimsoll marks.

The great bulk of the world's tonnage sailed under the flags of a few great mercantile nations, as the following table will show :

PRINCIPAL SEA TONNAGE IN MIDSUMMER 1914

<i>Flag.</i>		<i>No.</i>	<i>1600 G.T. and Upwards.</i>		<i>Under 1600 G.T.</i>		<i>Total 100 G.T. and Upwards.</i>	
			<i>No.</i>	<i>G.T.</i>	<i>No.</i>	<i>G.T.</i>	<i>No.</i>	<i>G.T.</i>
British	. .	(1)	4,174	18,197,000	6,044	2,634,000	10,218	20,831,000
German	. .	(2)	743	3,799,000	1,154	620,000	1,897	4,419,000
U.S.A. (Sea and Philippines)	. .	(3)	513	2,216,000	783	395,000	1,296	2,611,000
French	. .	(4)	357	1,602,000	659	308,000	1,016	1,910,000
Japanese	. .	(5)	429	1,496,000	726	330,000	1,155	1,826,000
Italian	. .	(6)	355	1,310,000	300	204,000	655	1,514,000
Dutch	. .	(7)	263	1,285,000	447	207,000	710	1,492,000
Norwegian	. .	(8)	323	1,087,000	1,331	891,000	1,654	1,978,000
Austrian	. .	(9)	230	927,000	192	90,000	422	1,017,000
Greek	. .	(10)	262	771,000	171	122,000	433	893,000
Spanish	. .	(11)	229	664,000	359	222,000	588	886,000
Russian	. .	(12)	149	531,000	595	321,000	744	852,000
Swedish	. .	(13)	183	526,000	907	496,000	1,090	1,022,000
Danish	. .	(14)	156	466,000	430	338,000	586	804,000
Belgian	. .	(15)	66	210,000	93	59,000	159	269,000
Portuguese	. .	(16)	13	58,000	91	34,000	104	92,000
			8,445	35,145,000	14,282	7,271,000	22,727	42,416,000

NOTE.—While for general purposes vessels of 1600 G.T. or over may be taken as ocean-going vessels, a certain number of vessels in excess of that tonnage was invariably employed on local trade. The number of actual ocean-going vessels would not greatly exceed 8,000.

This world fleet must be conceived as sailing under private

ownership and management, subject only to official regulations designed to secure safety and to protect the conditions of the seamen's employment.

LINERS AND TRAMPS

About half the tonnage, apart from the coastal craft, was of the liner type, that is, it consisted of ships which ran between regular ports to a regular time-table. These ships were for the most part adapted for the carriage of many types of cargo simultaneously, and often passengers as well, and were the fastest and best built portion of the world's fleet. They maintained stable schedules of rates over long periods and retained the regular custom of merchants who required to ship part-cargoes at regular rates. To protect this regular custom against the casual competition of the tramp steamer the liner companies were grouped in international conferences. These made it impossible, by an elaborate system of 'deferred rebates', for merchants who could not dispense with liner transport altogether to take advantage of occasional opportunities of cheap freight on a tramp. The merchant who shipped by a liner was entitled to a substantial rebate on the freight he paid if, but only if, during a certain period all his shipments were on liners; a single shipment on a tramp sufficing to forfeit the rebate. These conferences thus held half the world's transport under a limited form of joint control, enough to maintain regularity of service, but not enough to kill effective competition. The permanent needs of transport on the great trade routes were met by vessels thus running regularly and continuously to fixed time-tables; and a list of the principal conferences at once gives a picture of the main channels of world traffic. (See page 10.)

The British mercantile marine before the war occupied the leading position in the world and, in the Alliance which confronted Germany, a position of overwhelming predominance. Of the 8,000 ocean-going vessels of the world the British Empire owned about 4,000, and France, Italy, Belgium, and Portugal together, owned barely a thousand. It was inevitable therefore that the shipping control of the Allies should be based upon the British

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PRINCIPAL LINER CONFERENCES AND NATIONALITY OF COMPANIES (Alphabetical Order)

Europe—South Africa	British Danish German Swedish	Europe — South America (East Coast)	British French German Italian Spanish
United States—South Africa India—South Africa	British	Europe—West Indies and Islands	British Danish Dutch French German Italian Spanish
Europe—Australasia and New Zealand	British French German	Europe — South America (West Coast)	British French German Italian
Europe—Straits and Far East	Austrian British Danish Dutch French German Italian Japanese Russian Spanish	Europe—North America	Austrian British Danish Dutch French German Italian Norwegian Swedish U.S.A.
Europe—India and Colombo	British French German Japanese		

system, and in fact the head-quarters of this control were throughout the war in London.

Of the British overseas tonnage, a little more than a third of the vessels and a little less than half the tonnage were of the liner type. The great bulk of these vessels were in the hands of a relatively small number, less than a score, of big liner companies. These companies were for the most part highly developed organizations of long standing and experience. They had effective associations for the protection of their interests and were usually the leading members in the International Conferences.

The other half of the ocean-going marine, the tramps, were under a much more varying management. They were owned by several hundreds of companies and individuals, ranging from wealthy and old-established firms to individual owners of single ships.

As far as contact with the Government was concerned, the official departments were, for certain purposes of negotiating rates

or general agreements, able to deal with collective organizations such as the Liverpool Steamship Owners Association or the conferences of companies dealing with particular trades, and in the case of tramps, with such associations as the Chamber of Shipping.

In general, however, for the current conduct of business the Department was dealing with ownership units, that is, with some score or so of companies for liners and several hundreds for tramp steamers.

Fortunately, when the war broke out, the shipping of the world, and British shipping in particular, was in a better position than it had ever been to bear the great strain which was to be imposed upon it. After a long period of relatively low freights and profits the demands of the world for sea transport had suddenly become largely in excess of supply in the years 1912 and 1913. The consequence was that shipping companies were in a good financial position and had placed abnormally large orders with the ship-building yards. By the middle of 1914 the increased building had already overtaken the demand. Shipping was again in excess of the demand upon it and freights were falling. There was therefore a margin of easily acquired tonnage, and the large building orders placed during the previous year continued to be a valuable offset against the losses of the first year of the war.

THE FREIGHT MARKET

The allocation of the world's tonnage to the world's needs is normally effected by the intricate but automatic process of the freight market.

In general, the minimum and constant requirements of transport from one country to another are met by the regular liner services, and these are supplemented, when a new or seasonal demand arises for more transport, by the interchangeable tramp. It is in the tramp rates that the variations in demand are most quickly reflected, and it is by the rise and fall of these rates that discrimination from month to month between the cargoes to be carried and those to be left behind is mainly effected. Each rise excludes from the market some cargoes which cannot pay the price and each fall brings in some new marginal demand. The same process operates rather more slowly and less exactly with

the liners, which maintain their scheduled rates for long periods. In the long run, however, the general course of the freight market, operating primarily through tramp charterings, is reflected also in liner rates; and the general process may be described without further distinction between the two classes of ships.

All over the world the merchants estimating the demands of their own particular markets in wheat, in wool, in coal, in cotton, make their purchases and then look round for the freight to carry them. Some are able to wait, others must ship at once. Knowing the elasticity and the nature of the consumers' demands for their own commodity and the nature of their contracts, some are prepared if necessary to pay an increased rate for transport, others prefer to cancel or postpone. Each gives orders to his agent on the freight exchanges of the world, such as the Baltic in London, to bid for tonnage within specified quantities, dates, and rates. Similarly the owners of disposable tonnage give instructions to their brokers on the same exchanges to accept within specified conditions the best offers available. So the haggle of the market excludes the marginal need and allots the available tonnage in exact accordance with the relative strength of the economic demand. Exactly what the world most wants (as measured by the price it is prepared to pay) is transported up to the limit of the total carrying capacity. What is left behind is exactly what the world least wants (as measured by the price it refuses to pay).

The important feature to note in this system, before we examine the way in which it was replaced by an entirely different one, is that it secures the allocation of shipping to supplies by an automatic process and without requiring any comprehensive survey of the world's needs.

Let us suppose for example, that at a given time the overseas tonnage of the world is on its ordinary routes capable of carrying say 300,000,000 tons and that expanding trade creates a demand for the transport of an extra 100,000,000 tons. To some extent the quantity actually carried will be increased. The extra demand for freight will force rates up. Merchants who find freight a bigger item in their cost will find it pays them to buy in nearer markets—wheat in America for instance instead of

Australia. Tramp steamers will be taken off the distant routes and go into the Atlantic and on the shorter voyage will carry more in the year. Under the attraction of the higher freights some old vessels previously laid up will be brought into service ; vessels under repair will be patched up. To some extent railways and other inland transport will carry the goods previously taken coastwise and so release a few of the bigger coasting vessels for the overseas work. Ultimately extra vessels will be built and the total tonnage will be increased till it meets the new total demand. But this is a long process, only slowly operative.

Suppose that the effect of the above processes has been to increase transporting capacity by 20,000,000 tons. We are still left with an excess demand of 80,000,000 tons ; 320,000,000 only and not 400,000,000 can be carried. The selection between these competing demands on transport is then made simply and automatically by the rise of the freight under the stimulus of competitive bidding. The merchants in markets which are least able to bear an increase in rates lose their transport and wait till the situation is easier. And the process is continued through thousands of calculations of different market conditions, and without any survey of the whole situation, until the adjustment is effected. This is what happened in 1912-13 for instance when the demands for tonnage were exceptionally heavy. Tramp profits, which had averaged less than 5 per cent. for ten years, rose in that year to 26 per cent.

All that the system needed in order to allot the transport exactly to the supplies for which there was the strongest effective demand was that the offers of merchants with goods and of owners with ships should be brought together in the big freight markets such as the Baltic in London or the Collier exchange in Cardiff. The brokers in these exchanges would know the current freights offering in their own line of business, and something about the seasonal changes likely to raise or lower them in the near future. A good broker would perhaps have a flair for any new or exceptional circumstances, even outside his own special market, which might be likely to influence rates. Neither broker nor merchant, however, except in the most superficial sense, determined the rates or the allocation of the ships. They were only the instrument

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through which the economic demand of the world effected its own adjustments. They did not know—they did not need to know—no one needed to know—what were the total demands of the world or of any particular country, how these compared with the total transporting capacity of the available tonnage, still less what was the intrinsic importance of the different supplies competing for tonnage measured in terms not of money but of the public interest. We shall see therefore that when the freight system was broken by the pressure of the war, and it became necessary to allot transport on a deliberate judgment of the relative importance of different supplies, the problem could not be simply solved by turning it over to experts—for such work there were no experts.

CHAPTER III

PRIVATE ENTERPRISE AND PUBLIC CONTROL

The essential feature of the normal economic system. It works itself and needs no control. This is true even of finance. Defects of the normal system under war conditions. Inadequate production and distribution. The large proportion of persons devoted to 'marketing' and not 'making'. The achievements in production of the Control System. Objects and forms of Control. Lack of expert knowledge available for the new Control System.

THE NORMAL ECONOMIC PROCESS

LIKE the freight market which forms part of it, the normal economic system works itself. For its current operation it is under no central control, it needs no central survey. Over the whole range of human activity and human need, supply is adjusted to demand, and production to consumption, by a process that is automatic, elastic, and responsive. Wherever the supply of any article is less than the demand, the price rises; the consumer least willing or least able to pay withdraws his demand, and a little later the prospect of higher profits attracts more work to production. So both production and distribution are adjusted by a mechanism which registers and expresses the actual desires of the myriads of consumers themselves, and not by the individual decisions of a few who judge between those desires and, in accordance with that judgment, direct. This process under primitive conditions of society operates separately and independently in numberless small areas. But the range extends as widely as transport and political relations permit the transference of labour and of the product of labour. And under modern conditions we find the process working, with a range extending throughout the civilized world, in the production and distribution of most commodities which can be easily transported and do not quickly perish. Some of these, such as wheat, cotton, and wool, are in such universal demand, are so transferable in character and so comparatively simple in quality, that we find the normal process

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of individual bargains expanding into the mechanism of a few central markets, in which the demands of a whole world are registered and adjusted with the world's production. In these great markets demand and supply are abstracted from the millions of individual transactions on which they depend. The specialists in them see the economic life of the world in their particular sphere simplified and intelligible. But though they can survey it they do not in any real sense control it. When for a time they do so—when there is a corner in wheat for example—it is through some defect or abuse of the normal system. It is the distinctive feature and signal merit of that system that under it the multitudinous economic activities of the world are, so to speak, democratized. They govern themselves with all the liberty and elasticity and variety of freedom. The few intelligences at the central points of the system do not rule; they have no more than a delegate power; they register, they express, and, at most, they give effect to what they represent.

THE SYSTEM OF FINANCE

The semblance of central control is greatest in finance, where the economic process is most completely abstracted from the activities on which it depends; but it is still a semblance only. The system of finance, like the freight market, is the creation of no constructive brain and requires no constructive brain to work it.

In his interesting novel, *The Gossamer Web*, Mr. G. A. Birmingham has pictured vividly and accurately the delicate web of international finance whose slender threads control the massive movements of world production and commerce. He adds to this picture, however, the romantic illusion that at the centre of this web, silent, vigilant, and omniscient, there are a few super-human intelligences whose wisdom has constructed and still controls the economic life of the world. There are no such Olympians. This intricate system has been built and is maintained by the work of thousands of men, of keen but limited vision, each working within his own special sphere, each normally seeing and knowing only his own and the immediately adjacent territory. From time to time, indeed, one leaps above the shoulders of his

fellows and for a moment snatches the advantage of a more extended view. Usually it is for a brief period; usually the range of vision, while wider, is still restricted; often it loses in detail more than it gains in range. For the most part the system has constructed itself from the separate work of specialists who built better than they knew. Those who have made the system have normally not understood it; those who have come nearest to understanding it, the academic economists, have not constructed it and do not direct it. Since the rude shock of war broke this machine the world has been looking for the supermen who made it and controlled it, for those who understand it both in its basic principles and its infinite detail, and could therefore refashion and remodel it to the new conditions. It has not found them. They do not exist. The system will doubtless readjust itself as it originally grew, but painfully, slowly, and expensively. The change will be more like the adaptation to a new environment in the process of natural evolution than the alteration of a deliberately constructed machine.

DEFECTS OF THE PEACE SYSTEM UNDER WAR CONDITIONS

It was thus of the essence of the peace economic system that it was under no deliberate direction and control.

By the exacting criterion of war conditions, however, this system proved to be, at least for those conditions, seriously inadequate and defective.

By the new standards it was blind and it was wasteful. It produced too little, it produced the wrong things, and it distributed them to the wrong people. It is worth while considering for a moment each of these defects.

The peace system produced too little. It is true that it had the advantage of the spur of individual enterprise and individual profit. But in its actual working the exact adjustment effected by the economic process to the individual taste of the consumer and to the strength of his economic demand proved to involve the allocation of an enormous proportion of work to what may, in its widest sense, be called distribution as distinct from production. The economic system, surveyed suddenly from the central stand-

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point of State control, was seen to be swarming with middlemen of every description whose work was not to produce but to dispose of what was produced. In the whole system marketing occupied a disproportionate place as compared with making. Whatever the need for the diversion of so much productive power to non-productive tasks under the conditions of peace, a very much bigger allocation to production was possible in war. In war the excess of demand over supply disposes of the marketing problem. The State knows what it wants and can produce in mass. It can in a day decide upon an order equal to the individual orders of hundreds of thousands of separate consumers which would require the employment of thousands of middlemen and other distributing agents. And the commodities which have to be distributed to the civilian population are necessities of life, for which at such times the demand always exceeds the supply. The difficulty is therefore not to dispose of the goods but to ration them fairly. Under these special conditions of mass orders by the Government and a pressure of demand from the civilian population, which removed the problem of marketing, the economies of central control proved enormous.

And if the ordinary economic system produced too little it also produced the wrong things and distributed them to the wrong people. Production and distribution were adjusted under that system not to essential need but to effective economic demand. Under the new standards of necessity, however, it could no longer be assumed that real importance was measured with sufficient precision by purchasing power. It became impossible for the poor to be left to express the importance of their own need for bread by outbidding the rich. So long as wheat and the ships to carry it are abundant the rich man's power of economic demand does not mean starvation to the poor man. He does not consume a hundred times more bread because his income is a hundred times greater. A point of surfeit is reached and the poor can still buy the bread they want. But once wheat or the other necessities of life or their means of transport are reduced to a bare sufficiency, the tolerable inequalities of the ordinary economic system pass the point of endurance. If there is only bread enough for bare physical needs and not for the full appetite, the un-

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restricted economic haggle will involve surfeit here and starvation there. It was to meet these deficiencies of the normal system that the new methods of State control were gradually introduced.

THE EXPERIENCE OF THE WAR

There is probably no task at this moment which more deserves the attention of professional economists who will approach the problem in a purely scientific spirit, without bias either for or against the general principle of State control, than an investigation of the actual results of the war period.

The *prima facie* facts with which they would start are indeed so striking as to constitute at least a challenge to the normal economic system. It is true that several factors contributed to the results; the work of women and others not formerly engaged in production, the cessation of many forms of capital construction and of saving for increased investment abroad, &c. An unbiased professional inquiry would assign full weight to these and other factors, but would probably find much still to the credit of the new methods of organization.

The success of these methods under the conditions of the war is indeed beyond reasonable dispute. At a moderate estimate, and allowing for the production of persons who were idle before the war, between half and two-thirds of the productive capacity of the country was withdrawn into combatant or other war service. And yet throughout the war Great Britain sustained the whole of her military effort and maintained her civilian population at a standard of life which was never intolerably low, and for some periods and for some classes was perhaps as comfortable as in time of peace. She did this without, on balance, drawing any aid from other countries. She imported, on borrowed money, less from America than she supplied, on loaned money, to her Allies. She therefore maintained the whole of the current consumption both of her war effort and of her civilian population with a mere remnant of her productive power by means of current production. The only exception to this general statement is the extent to which she used up existing capital; and she only did this in so far as foreign securities were sold and the net real capital of the country

deteriorated (in the form of unrepaired and unrenewed houses, roads, railways, &c.) to a value exceeding any gain through new capital and plant constructed in the war and still remaining useful after it. The loans she raised from her people are, of course, no deduction from this general statement, as internal loans merely represent a method of taxation and not a method of doing what is essentially impossible, that is, making the production of a later age available for the consumption of the present. The general and amazing fact therefore remains, without essential qualification, that with more than half her productive capacity withdrawn, Great Britain met the scarcely diminished necessities of her civilian population by current production.

Such an inquiry into the actual results of the war control might be followed by another of equal interest. The most extreme individualist will admit that control is not equally injurious in all cases; the most extreme Socialist will not contend that it is in all cases beneficial. But no one has yet studied fully, in the light of the war experience, in what trades and under what conditions the advantages of control and of private enterprise respectively are greatest and their disadvantages least. The main issue between public and private management will doubtless be determined by factors other than those which the scientific economist can consider. But for a long time to come some areas of the economic life of the country will probably be, as at present, under each form of management. It is at least common ground between the disputants that so far as socialization is introduced it should be where its admitted advantages are greatest and its admitted defects are least. A scientific attempt might therefore be usefully made to arrange trades and industries in an order of priority which would indicate in which spheres, and under what conditions, each system shows its best results.

Most of the main principles on which the work would proceed are obvious enough. Where the development of a trade, under free conditions, has in fact resulted in a practical monopoly, so that the public get the benefit neither of competitive prices nor of controlled profits; where competition, while still effective, takes the form of attracting the customer through methods which really do not benefit him (such as competitive advertisement,

costly offices and shops, the appeals of commercial agents, &c.), instead of through reduction of price or improvement of quality—private enterprise is clearly at its worst.

What exactly are these trades and industries under present conditions?

On the other hand the advocates of control will probably admit that its advantages are least where the development of an enterprise of public value requires experiments, involving sometimes loss and sometimes gain. For this there are several reasons. We will mention one. No one who was intimately acquainted with the great war administrations will contend that initiative, enterprise, and constructive ability are in fact only developed in a business training. But no official who knows the whole temper and character of public and parliamentary criticism will contend that, under peace conditions, experiment and enterprise with risk are likely to be adequately encouraged in public work. He knows too well the essentially negative attitude of that criticism, its tendency to concentrate on mistakes and to ignore successes, to attach more discredit to the loss of £100 than credit to the gain of £100,000. He knows that the effect is almost always to encourage the safe course and the avoidance of all risks. He knows that the official who retains enterprise and initiative does so only by consistently resisting the natural effect of the attitude of those who charge him with the lack of it. This attitude may, indeed must, be altered if the State is to manage any form of enterprise successfully; but in any near future it is scarcely likely in time of peace to encourage experiment and enterprise as the private system does.

What in present circumstances are the trades and industries where for these reasons public control would probably be seen at its worst?

The further question as to the times and conditions in which an extended measure of public control may be relatively advantageous is more difficult. In the transition from peace to war, and for the special conditions of war, control is clearly desirable; in the transition from war to peace, and for peace requirements during such a period, the answer is more doubtful. One comment may, however, be permitted. The main test of any system must

be production. The need for increased production was preached to the workers, and rightly preached, throughout the year 1919, from the Supreme Council's Manifesto of March to the Report of the Brussels Conference in October. Before the end of the year, however, production was declining, not through any slackness in work, but through difficulties of marketing at the ruling prices. A system which, however effective under normal conditions, arrests the production of goods of which the whole world is in need, must expect to be challenged unless it can find its own solution and meet the essential test of maintaining production at its maximum.

THE NEW CONTROL SYSTEM

Under the special conditions of the war, at least, the normal system quickly proved inadequate. It failed to respond with sufficient speed to the imperative need for intensive production, for fair distribution, for selection between the essential and the unessential. Within a year the delicate and intricate machine by which supply and demand had been balanced and adjusted was smashed and lying in fragments. In its place the constructive brain had to build, and build rapidly, something which would take its place; to attempt a deliberate survey of needs and resources; to measure the relative importance of munitions beyond a certain amount, against food beyond a certain amount, when more of both were wanted, but through deficiency of production, finance, or transport, more of both could not be obtained. So, one by one, most of the necessities of life were brought under control, their purchase curtailed, their transport measured and allotted, their prices fixed, their consumption rationed. Little by little, but on the whole with an astonishing rapidity and success, a new and deliberately constructed control system extended its grasp over the whole economic life of the belligerent countries. By comparison with the intricacy, the complexity, and the elasticity of the system it replaced, it was perhaps clumsy and rigid. But the new system could alone have made daily existence and the continued effort of the war possible, in face of the new and tremendous fact that more than half the productive effort by which civilian life is ordinarily maintained was with-

drawn for the new work of the war, leaving the scarcely diminished necessities of that life to be met by the remnant.

And for one part of this novel and immense problem there was no expert knowledge to draw upon. No one in the world had the knowledge required by the new system to weigh the competing claims of food, of raw materials, of munitions ; to decide up to what point each should be met at the expense of the others ; and in accordance with his decisions to direct and determine.

For this new task the skill had to be developed, the experience acquired, the organization improvised.

CHAPTER IV

THE SHIPPING PROBLEM AND ITS SOLUTION—IN OUTLINE

Requisition for Government Requirements. Prohibition of Imports: its advantages, its defects. Emergency measures. Control of Commodities. Selection of Imports by Allocation of Ships. The National Solution. The Allied Solution.

REQUISITION FOR GOVERNMENT REQUIREMENTS

THE methods of peace were soon found impossible in war. Let us sketch in the briefest outline the mechanism described later in greater detail, by which ships were allotted to their cargoes, by which some supplies were preferred and others rejected, when the shortage of tonnage became much too serious for the adjustment to be left to the operation of the freight market.

When the war broke out the normal freight system was at once modified by the use of the power of requisition. In peace the Government had gone into the market for the tonnage required to supply the Fleet and for the carriage of drafts and troops, just as the private merchant did. But from the outset of war, it took the tonnage it wanted for naval and military requirements under compulsory powers and paid for it at rates which were fixed and kept stable without regard to the open market.

Outside these requirements, however, the peace system continued. The only direct effect of Government requisition was to eliminate the new war demand and the corresponding ships from the freight market. The total excess of demand, which was mainly caused by the absorption of these ships for war purposes, remained to be adjusted on the civil requirements through the operation of rising freight rates.

This policy, which was administratively the only practicable one at the moment, soon required modification as the pressure on tonnage increased, and the rates therefore rose higher and higher.

The reaction of the high rates on the cost of materials, on the cost of living, on wages and on the public temper, and the dislocation caused by the consequent adjustments, became too serious to ignore. In addition, essential supplies not only had to pay a higher price, but they were often excluded by the competition of less essential things. It became impossible after a time to assume, because there was a stronger economic demand for barley for brewing than for wheat for bread, that the importation of the barley was more necessary to the country than the bread; but under this system it was the barley that came in.

PROHIBITION OF IMPORTS

Attempts were first made to assist, without replacing, the freight market system by reducing the excess of demand over supply (and at the same time to reduce the strain on foreign exchange by restricting foreign purchases to essentials), through a deliberate restriction of imports. Certain imports were prohibited altogether; others were admitted only under licence, and when the imports reached certain limits, licences were refused.

This policy had in principle the great advantage that it could be applied just so far as the available knowledge and organization allowed, and that in so far as it was applied it gave relief to the situation. It did not necessitate as a prior condition a complete survey of the whole problem; it did not throw on the Government the immediate responsibility for taking decisions covering all imports comprehensively and in detail. It left the peace system in force to effect the selection of all imports not excluded by prohibition or admitted by licence; but it left it with a diminished task; the excess of effective demands over the tonnage, and the force driving up freights, were reduced. For it is not demand in itself that affects rates but only effective demand. A man may desire to import American motor cars, but if their importation is prohibited his demand never gets into the freight market and never affects freights.

The system had the additional advantage of placing the responsibility for choosing between different supplies on persons whose special task it was to study and know their relative importance, instead of leaving it to shipping authorities, whose first

preoccupation was with the practical problems of ship management and who tended to be somewhat summary in their methods in dealing with supplies.

Moreover exclusion by prohibition gave longer warning. If the import of an article was not prohibited, but was in fact excluded through shortage of shipping, the merchant would have bought in the producing country ; he would have competed for freight, and, though he did not obtain it, his competition would have forced up the rates for other merchants. The exclusion being thus at the last stage, the trade would have had no opportunity of making the necessary adjustments. The merchants, the retail trade, the manufacturers, would find themselves faced with a sudden, and unforeseen, shortage which would dislocate their arrangements. If, however, the import was prohibited, the merchant did not buy it in the country of origin ; he was not a competitor for freight ; the trade adjusted itself to its absence.

Had it been possible to frame and enforce programmes of import prohibition on a sufficient scale to leave no excess of requirements over tonnage available, the problem would have been solved. Shipping would have resumed its proper rôle of looking for its employment, of being servant and not master of the supplies it carried.

This was an ideal pursued with diminishing success in the first two and a half to three years of the war through the mechanism of Board of Trade prohibitions and of committees for the restriction of imports. By the autumn of 1915, however, it was already clear that, useful as this method was, and real as had been its success so far as it went, it required to be supplemented by further action.

The defects and limitations of the system were indeed very serious. It is extremely difficult to find any commodity which can be cut out clean from the supply system of a country. If imported furniture, for example, is prohibited, more furniture is made at home ; the furniture makers compete for the timber that would otherwise be available for military or munitions work, and the consequence soon is that extra timber is imported on the unquestionable ground that it is wanted for military purposes. If barley for brewing is excluded the brewers will buy the home

barley that would otherwise have gone to feed pigs or been used in the manufacture of munitions, and an extra demand for imported barley will be made on the unquestionable ground that it is wanted for munitions or the essential meat supplies of the country. Moreover, few things can be totally excluded, and the saving effected by their exclusion is quite inconsiderable. Much the bigger saving is made by limiting the quantities of imports, and that means licensing certain merchants' demands and refusing others. But so long as the manufacture in question is uncontrolled and the manufacturer is able to obtain a competitive price for his article, the early comers who obtain their licences find that they have obtained a very valuable and indeed saleable article. The licence given without charge by the Government acquires a value from the fact that the supply is much less than the demand. The advantage of the reduction in effective demand on the freight market never gets through to the consumer in the form of reduced prices but stays in the hands of the merchant, manufacturer, or middleman.

The next limitation is psychological but perhaps the most important of all in its effects. Those who administer the licence system are constantly impressed with the very real importance of the interests and industries whose continuance is dependent upon the particular import asked for. This is an immediate and obvious thing always before their eyes. They have not and cannot have as clearly before their minds either the shipping situation as a whole, or the importance of the necessarily unknown import, which in the last resort will be excluded through the fact that the import they are considering is admitted. They do not, and cannot, realize the consequences of the higher prices of all the imports which still continue to come in at a higher rate because they have had first to outbid one more competitor. In addition, those who manage such a system, if they are to have the expert knowledge required, will almost inevitably have obtained their standards and general perspective from peace experience and will find it impossible to adjust these with sufficient rapidity to the new necessities created by such a factor as the submarine. When, therefore, the problem was looked at from the point of view of supplies without any very close relation with the department dealing with ships, it was always found impossible, by prohibition

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or by licence, to effect more than a small and diminishing proportion of the reduction necessitated by the tonnage position. In 1916, when the Shipping Control Committee suggested meeting the reduction in tonnage by prohibiting imports at the rate of 13,000,000 tons per annum, the maximum plan of prohibition thought possible was 4,000,000 tons and the actual amount reduced under this plan less than 2,000,000 tons. This left the great bulk of the necessary reduction to be effected in 1916-17 as in 1914-15 by the ordinary system of the rising freight market. Prohibition of imports occupied a much more important part in the administrative measures of America during the war. In the United Kingdom, however, it only touched a part of the problem. It helped but it did not solve. It was never the chief method.

EMERGENCY MEASURES

From the middle of 1915, therefore, the ordinary method of the freight market, assisted by import prohibition, was visibly becoming inadequate. One after the other, essential parts of the economic system proved incapable of adapting themselves to the necessities of the situation, and threatened the country with imminent and fatal disaster. Now the bunker depots of the world (on which all shipping was dependent) would be threatened with depletion. Now the wheat imports would be endangered. Now some essential raw material would be missing. No central survey of any of these vital supplies was made during peace or the earlier period of the war. Large numbers of merchants would consider the probable demands and profits of their own particular markets and make their own arrangements without any comprehensive plan or programme. With freights jumping as they did in 1915, the risks became too great for this merchant or that; he failed to buy or charter; and at the last moment the Government (which had accepted no general responsibility for the supply in question) would be faced with a grave emergency. These emergencies were for a long period met, in the British manner, by improvised solutions, each meeting the need of the moment, but failing to prevent the recurrence of similar difficulties; each continuing while it was useful and being terminated or supplemented

when it proved useless or inadequate; but each leaving some permanent contribution towards the complete system ultimately evolved.

In a number of cases the department entrusted with the duty of requisitioning ships for war purposes (the Transport Department of the Admiralty) used its control to force vessels into a threatened import service (see p. 63, bunker stations) or favoured the more important commercial imports when deciding the conditions on which vessels requisitioned to carry an outward cargo of coal were released for a return voyage (see p. 62).

By the autumn of 1915 more ambitious methods were required. A committee, the Requisitioning (Carriage of Foodstuffs) Committee, was appointed by the Board of Trade to assure the supplies of wheat (see p. 51), and in conjunction with the Transport Department it compelled (under power of requisition) owners of specified vessels to charter them for the carriage of grain, the ships being chartered in the market in the ordinary way. This was successful in providing the required tonnage, and the extra supply so made available brought down the freight rate for wheat. Obviously, however, both results were obtained at the expense of other imports and without consideration of the relative claims of these imports. The device was, therefore, in its nature, of a temporary character, only justifiable so long as wheat clearly needed more help than other supplies.

At the same time (November 1915) another and temporary and partial, but within its limits, very useful committee, was appointed—the Ship Licensing Committee (see p. 49)—to control the employment of unrequisitioned British ships by licence. This Committee refused licences to ships engaged in clearly unnecessary, or relatively unimportant, work. This certainly gave some relief to the situation and assisted, without at all interfering with, other forms of control. The pressure, however, increased too rapidly to be met by this form of relief, and the Committee's work was automatically reduced as the Government extended its responsibilities over successive civilian imports and as a consequence conveyed them in requisitioned tonnage.

CONTROL OF COMMODITIES

Real progress was by this time being made in a direction of much more importance. The Government, for reasons unconnected with shipping, gradually took direct control of the acquisition and distribution of the main articles of food and raw materials of the country. The most important of these controls included the combined purchase of the whole supplies of the commodity in question, sometimes to be resold to middlemen or manufacturers for internal distribution, sometimes remaining Government property throughout, but in either case being imported for the Government and not for the private merchant. It followed as a natural consequence that the demands for transport of these supplies were included in the demands made by the respective Government departments upon the Transport Department, the War Office for example asking for the transport to England of so much wool, which it had purchased in Australia, just as it asked for the transport to France or Mesopotamia of so much clothing, which had been made under its orders in England. It would have been possible, of course, for the War Office to have chartered space for wool, &c., just as the private merchant did (and in some minor instances this was done); but it was obviously more convenient for a department which had no great experience of chartering, and had its hands full with other work, to ask the expert shipping department to arrange the freight. It was also much more economical, for if supplies came in requisitioned tonnage they came at 'Blue Book' rates (see p. 43), while private rates rose rapidly till they became six times as expensive.

SELECTION OF IMPORTS BY ALLOCATION OF SHIPPING

This development did not, however, solve the essential problem of deciding what was to be transported and what was to be left behind when shipping was inadequate or (more important at first) what should be bought and what foregone when foreign exchange was inadequate. On the contrary, the mechanism by which this decision, with whatever expense and waste, had been before effected, was now destroyed. The ordinary system excluded the excess demand by letting the prices go up till sufficient

customers refused to pay and withdrew their demands. But the Government was now the single customer and consumer and the most important competitor for transport. It had to determine itself, after a deliberate survey, how much wheat, how much sugar, how much timber, it would have, when it could not have all it wanted of them all, and prices were no guide. The change of control did not therefore solve the problem; it made its solution more urgent.

The responsibility for selecting imports thus fell upon the Government and the Government alone. And as we have seen, at the most acute period, shortage of tonnage was more serious than shortage of finance. In deciding what to import, the basis of the problem was not how much could be bought—but how much could be transported. In the absence of other arrangements, therefore, the selection was necessarily made by the executive orders given to shipping by the shipping authorities.

It must be remembered that sea transport is almost as transferable as money itself. In spite of great variety in type and construction, ships, or at least the cargoes which can be carried in a mercantile marine under one authority, are astonishingly interchangeable. Once the importing programmes and the shipping of a country, or a group of countries, are brought together under one control, it is possible, with time and organization, so to arrange them that an economy in one supply can be used to increase the means of transport of practically any other supply.

It is true that a heavy cargo, such as nitrates, cannot without loss be loaded in a measurement vessel built for oats. But if a given quantity of oats can be dispensed with, space is released in another vessel which can indifferently carry either oats or a variety of other articles, and so, directly or indirectly, perhaps through a chain of half-a-dozen interchanges, the economy obtained in oats may be used to transport the nitrates. The general fact of interchangeability (subject as it is to innumerable difficulties in time, in place, and in practical arrangement) was and remained a fundamental fact in the construction of the central shipping programmes, first of the several Allied countries and then of the Allies acting in conjunction. It constituted at once

the great advantage and the most difficult problem of those entrusted with the control of ships.

When some new demand was made on the inadequate shipping, the questions were always asked : ' Is it really impossible ? ' or ' If this new demand is met, what will go short ? ' It was never possible to answer ' no ' to the first or give an exact answer to the second. To ask such questions is like asking a man who is already spending more than his income, is unable to borrow, and is still going without much that he wants, whether some new expense is really impossible, or what would have to be given up to meet it. Of course, he never knows, if he incurs it, whether his boots or a much-needed overcoat or anything else within his total range of expenditure will ultimately have to be sacrificed. It was just as impossible when additional transport was asked for one supply, to say which of the other supplies would be affected.

With cargoes so interchangeable, an alteration in any part of the shipping programmes under one authority at once reacted upon every other part.

The central programmes of sea transport, which gradually became amalgamated till towards the end they were almost a single programme for the whole of the Allies, were thus always being modified by an infinity of disturbing accidents. There was scarcely any major event, whether political, military, naval, or natural, in any country in the world which did not at once react upon the tonnage position. The Russian Revolution, the entry of America into the war, any proposals to redistribute military or naval forces, the failure of harvests in Allied or neutral countries, a severe frost in North America, a military disaster or success, at once changed the central tonnage programmes. Each supply department had to face its own risks, and make its own allowance for unforeseen accidents. The food ministries had to reckon with the possibility of failures in harvests, the munitions departments with strikes or sudden changes in the character of warfare, the military authorities with all the changing chances of war. But the shipping authorities had to be constantly forming a programme and laying their plans with the knowledge that they were subject to reactions from the cumulative uncertainties of all other departments put together.

THE NATIONAL SUPPLY DEPARTMENTS

The allocation of shipping, and therefore the selection between imports, were in these circumstances too heavy a responsibility, and an improper responsibility, for any shipping authority to bear. The organization described in this book was essentially one designed to transfer a part of the responsibility to those best qualified to bear it.

With this new system a constantly larger proportion of the responsibility fell upon the supply departments. If the assumption of control of supplies by the Government did not solve the problem, it gradually developed the organization necessary for its solution. In all the big supply departments specialized experts from different trades were incorporated in the official machine. They, and with their aid the other officials, were day by day in the course of their current work testing the requirements of each industry by the criterion not of market prices but of intrinsic importance in the general scheme of national policy. Every separate control was working under the constant pressure of inadequate finance, inadequate supply, and inadequate transport, and becoming more expert in distinguishing the essential from the merely desirable. The separate controls were soon grouped under a few central authorities—the War Office, the Ministry of Munitions, the Ministry of Food, the Board of Trade—great departments controlling their own supplies and daily acquiring more expert knowledge as to their relative importance. The Ministry of Shipping (into which the Transport Department expanded at the end of 1916) no longer, therefore, had to deal with the demands of innumerable specialized experts in different industries, nor even directly with a score of separate controls, but only with a few great central ministries, which presented comprehensive programmes covering between them practically the whole range of imported supplies. Ultimately indeed the crucial competition was between two programmes only—munitions and food.

The responsibility of the Ministry of Shipping in the allocation of transport, while extending over a wider range of commodities, was thus shared with the other great offices. It was, however,

by no means transferred to them. For the total programmes presented always exceeded the transporting capacity of the ships available and the shipping authority was therefore still left with a large responsibility for selection. But by this time it had acquired a knowledge both of the commodities and of the personnel engaged in controlling them which enabled it to exercise an influence over the formation and execution of all the main programmes.

By the end of 1917 the problem, as a purely national one, reached its practical solution in the examination of the big block programmes, and their reduction to within the limits of the transporting capacity available, by a Cabinet Committee (the Milner Committee) on which both the supply departments and the Ministry of Shipping were represented.

ALLIED ORGANIZATION

By this time, however, it had become impossible to treat the shipping problem on purely national lines, supplemented only by occasional negotiations and agreements with the Allies. France and Italy were unable to transport their own supplies in their own tonnage and in such neutral tonnage as they could charter. Throughout the war they had had assistance from British shipping. It was obvious by the end of 1917 that this assistance would have to be increased. It was by no means certain, however, after the drastic reductions in the British programmes of that time that, obvious and urgent as might be the need for the extra transport of French nitrates or Italian coal, tonnage was not being used to transport other French or Italian supplies on a more generous scale than that of the revised British programme. Controls had been established in France and Italy similar in their general character and purpose to those in Great Britain (though with many varieties of method), but the system in the different countries were not co-ordinated or capable of comparison. Just as the Ministry of Shipping was not best qualified for determining between British wheat and British sugar, but in practice had to undertake the task until the organization described above was established, so it was not best qualified for balancing the claims

of British sugar against French sugar, but in the absence of any other authority was in fact deciding between them by its decisions as to how many ships to allow to France.

Obviously the persons best qualified to consider whether France was consuming more sugar in relation to its vessels than Great Britain were the sugar experts in the two countries, and so with the whole range of supplies. Moreover, as the very disasters of the war made Allied unity at once more necessary and more possible it became apparent that the essential competition for inadequate shipping was not between British supplies as a whole, and French or Italian supplies as a whole, but between Allied munitions and Allied food.

The national organizations (for the purposes of import, not of internal distribution) were therefore given an international character. This was effected, however, not by the formation of a completely new organization but by the co-ordination of the several national controls through international committees and of the shipping authorities through a shipping council and executive. Allied programme committees consisting of representatives from the several national controls were formed for all the important commodities (wheat, sugar, meat and fats, oils and seeds, nitrates, hides, wool, flax, hemp and jute, paper, &c.) and submitted their demands to the new Allied Maritime Transport Council and its Executive.

Such in the briefest outline, and with the omission of many temporary measures and expedients, was the problem, and the development of the organization to meet it, which will be described in the succeeding chapters of this book.

CHRONOLOGICAL TABLE, AUGUST 1914—MARCH 1918

(This table gives the main events affecting shipping during the first three and a half years of the war, with references to the pages of the book in which they are mentioned.)

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	Board of Trade buys Frozen Meat for War Office and requisitions refrigerated space	44
	Prizes seized	45
	Local Transport Officer Service instituted	42
	Blockade Examination Service instituted	99
	Commission Internationale de Ravitaillement formed	134
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October.	Blue Book Rates fixed	43
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	Admiralty Coasting Trade Office formed	45
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December.	Port and Transit Executive Committee formed	53
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January.	Shipping Control Committee appointed	64
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	Russian Revolution	
May.	British ships in Allied Service restricted to number in service on April 1	67
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September.	Roumania invaded by Germany	101
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German advance: coal supplies dislocated: channel port threatened	165

PART II

BRITISH SHIPPING CONTROL

CHAPTER I

THE FIRST YEAR (1914-15). BEGINNING OF SHIPPING CONTROL

Chartering and Requisition. The Board of Trade and the Transport Department. Trade Division of the Admiralty. Blue Book Rates. Transport of Frozen Meat. Employment of Prizes. Losses and Freight Rates in the First Year.

THE first effect of the outbreak of war was to paralyse shipping and to accentuate the depression in freights which had already begun to result from the large building output of the previous year. There was the greatest uncertainty as to whether shipping could be continued under ordinary conditions. The risk generally or in special areas might prove prohibitive. Naval instructions as to routes and detention would certainly impede the free movement of ships, systems of convoy might even be necessary, and merchants were doubtful of their markets. During the first two months therefore vessels were freely offered to the Admiralty at economical rates.

This position rapidly changed however. The carefully worked out system of war insurance, under which the Government supported the underwriter by bearing 80 per cent. of the risk, proved of the greatest value. The early losses showed the risk to be a measurable one, and in a short time ordinary business dependent upon ocean transport renewed its normal demands, while the new and rapidly increasing demands upon shipping made by direct Government requirements forced freights up.

For a time, and after the first brief pause of uncertainty and fear, the normal supply system of the United Kingdom revived and continued along its accustomed lines. Merchants continued as

during peace to buy wheat, maize, oats, barley, wool, cotton or timber, and all the imported food and raw materials on which the normal life of the population and its manufactures depended. Having bought in the producing country, they chartered freight in the ordinary way through the Baltic and other freight markets. The Government only demanded tonnage for the immediate purposes of the war, for the transport of troops from Australia, New Zealand, Canada, and India, and for the transport of supplies from England to France, or to the Fleet. These demands were sufficient to affect the general freight market but not such as to cause any difficulty in obtaining the ships. There was still an enormous amount of spare tonnage engaged in employment of a relatively unimportant and unessential kind which was easily obtained for the new needs of the war. During the first few months the Government required only a small number of passenger vessels for the transport of troops and about 20 per cent. of British ocean-going tramp tonnage for its supply arrangements.

Relatively small, however, as was this demand upon the then abundant supplies of tonnage, it was recognized from the beginning that it was impossible for the Government, as in the South African War, to go into the market as an ordinary charterer. In that war the transport needed had been comparatively insignificant and the Government chartered under ordinary competitive terms with other merchants. The result was that they paid rates, and made the rest of the world pay rates, beyond anything previously known in shipping history. Taught by this experience, the Government had prepared to obtain its tonnage by requisition. Simultaneously with the outbreak of war a Proclamation was issued indicating that the Crown intended to use the powers of its Prerogative to requisition the ships required for the purposes of national defence, with due compensation to the owners.

BOARD OF TRADE AND TRANSPORT DEPARTMENT

These new powers of requisition, though not formally confined to any single authority, were chiefly exercised by the Transport Department of the Admiralty.

This department, on which the force of circumstances was gradually to thrust the responsibility for handling the sea transport

of all the imported supplies of the country, was humble in status and small in size. It included a higher personnel of only some dozen men, and the annual cost of its whole staff in 1913 was only £14,000.

Before the war two departments of the British administration were concerned with merchant shipping—the Marine Department of the Board of Trade and the Transport Department of the Admiralty. Their duties were entirely different both in range and in character. The first exercised the whole of such general responsibility as was at that time entrusted to the Government with regard to merchant ships. This, however, concerned only the conditions under which the British shipping trade was conducted and included no control over the character of its employment. In the interests of safety the Board of Trade determined the conditions in which vessels must be built, loaded, and fitted with lifeboats. It made rules as to engagement, pay, and food of seamen and other such matters, and it enforced these rules through local marine superintendents at the ports of engagement.

The Transport Department of the Admiralty, on the other hand, had no concern whatever with shipping in general. It was solely responsible for arranging the transport required by the Government itself, and for preparing plans for its more extended requirements in time of war. During the trooping season each year it chartered passenger vessels for use as transports in conveying troops to and from South Africa, India, Egypt, and British garrisons in other parts of the world. It arranged passages for officers of the Navy and Army, and for this purpose had detailed agreements with the main shipping companies. It chartered some three or four hundred colliers a year, mostly on single voyage charter, for the supply of the Fleet and the various naval bases. It managed a small number of vessels owned by the Admiralty, including a hospital ship, some colliers, and oil-fuel vessels. In addition it was entrusted with the duty of making detailed plans for the transport and supply of the Expeditionary Force and for the ships required for naval use in war under the naval plans approved from time to time. The work, therefore, was of a kind which gave valuable experience of the general conditions of merchant shipping. It was, however, limited in scale, and its

largest section, the chartering of colliers, was carried out through local commercial agents at Cardiff and Newcastle.

At the beginning of the war, therefore, as in peace, the responsibility for any problem affecting merchant shipping as a whole rested with the Board of Trade. This department was responsible for taking the initiative in the new measures, and for the establishment of the new machinery required, except when the need arose directly from the requirements of the Government itself for the transport of its men and supplies. In the latter case the responsibility would fall to the Transport Department. Power passed gradually from the larger to the smaller office. This, however, was not due to any deliberate transference of authority. It resulted, as we shall see, from the general process by which the Government extended the sphere of its own direct responsibility for the purchase, importation, and consequently the transport, of successive classes of supplies which in the early part of the war were brought in under private and commercial conditions.

The Transport Department was organized when war broke out on the basis of four main branches, a naval branch (which handled requirements of the Admiralty), a military branch (which handled requirements of the War Office), a technical branch (which arranged the fitting of vessels as transports, &c.), and an accounting branch. It was at the time under a naval Director of Transports. As soon as the war began, a civilian director was appointed in place of the retired admiral who formerly occupied the position, and the four branches of the office began at once to expand in personnel and in numbers to meet their new work. The department was also assisted by the association of an Advisory Committee of well-known shipowners who both gave the advantage of their expert knowledge on technical matters and also watched the methods of the department to see that it was as considerate of shipowners' interests as the nature of its public duties permitted. It was soon recognized, however, that in spite of the previous experience of the permanent officials of the department, and of the expert assistance given by this Advisory Committee, the amount of technical work involved in the ordinary conduct of business necessitated the inclusion in the actual executive machine of persons with direct shipping experience. Shipowners and those

engaged in various capacities in the shipping business were therefore gradually added to the staff of the different branches of the office.

For the moment, however, the chief expansion was not in central but in local staff. Transport officers with clerical and technical staff had to be appointed at once at all the main ports of embarkation and supply both in England and France and very soon in many other parts of the world. The nucleus of these staffs had been arranged in peace, but the work soon grew beyond the anticipations of any previous plan. The Transport Officers were for the most part drawn from retired naval officers, but later in the war they were gradually strengthened by the inclusion in their ranks of many persons of shipping experience who were given temporary commissions for the purpose. By the end of the war they were established at nearly a hundred ports in England, France, Italy, the Eastern Mediterranean, South Africa, and Russia, and had grown into a big service numbering 900 officers in addition to civilian staff engaged locally as required.

TRADE DIVISION OF THE ADMIRALTY

One other department whose action affected merchant shipping from the outbreak of war must be here briefly mentioned. The Admiralty was of course responsible for the safety of the seas and the efficient prosecution of the blockade. So far as these duties required control over merchant ships, they entrusted the task to the Trade Division. The primary duty of this department was to detain British ships in port at times of special danger, or to divert them into safer routes in order to diminish the risk of submarine loss. In addition, however, it developed an extensive responsibility with regard to neutral shipping by methods which are described in detail in Chapter II of Part III.

In the early months the Transport Department was thus engaged in requisitioning the vessels needed for Government service, most of which had been scheduled and marked down for the purpose before the war began ; in mobilizing and organizing its local staff of executive officers ; and in general in putting into execution, in their infinity of administrative detail, the plans which had been carefully prepared before the war.

BLUE BOOK RATES

For the reasons explained above, no difficulty was at first experienced in finding the ships required by the Government. The immediate problem in relation to requisition, with which the Transport Department was faced, was to determine the rates of payment. There is no doubt that at this moment the most advantageous terms could have been made with shipowners, with their entire agreement, to secure their vessels at rates which would have meant a saving of many millions to the Government as compared with those ultimately paid. Proposals were in fact discussed to work out detailed rates on a general basis of 10 per cent. profit. These proposals came to nothing, partly because the great pressure of executive work naturally made the settlement of rates a secondary matter, and partly because it was not in accordance with the general Government policy at that moment to make arrangements on the basis of the war continuing for a long period. While the matter was in abeyance, the normal sea traffic had been resumed, and the additional requirements of the Government had forced up freights. Profits, and therefore the standard of expectation of profits, had increased and the opportunity was lost. In the meantime, the Admiralty Transport Arbitration Board had been appointed to determine any disputes as to the rates of compensation for requisition. This board was composed partly of leading shipowners and partly of officials. It formed a panel from which a small number, usually three, arbitrators were selected by the president to deal with any particular case. It was found convenient to use this board to advise the Government what scales of rate to pay without waiting for actual cases of dispute. The persons composing the panel therefore were formed into a number of committees to recommend general scales of rates for different classes of vessels. These rates, published in a Blue Book and destined to become famous as the Blue Book rates, were, with some increase for tramp steamers in the following spring, with a few other modifications, and with some general increase to represent the extra cost of working in the third year, the standard rates for the engagement of all Government tonnage throughout the war.

The rates, which are summarized on page 349, of course varied with the type of vessel. For the ordinary ocean-going tramp steamer, engaged on the usual time-charter terms, the standard rate during the first years of the war was 11s. a month on the gross ton (equivalent to about 7s. on the dead weight). For this hire the shipowner provided his ship in a working condition, paid the wages up to their peace level, and bore the cost of marine risk insurance. The Government found the fuel, bore the war risk, and paid increases in wages. The rates were somewhat in excess of the market when they were first introduced in the autumn of 1914, but were already below it in the early months of 1915. As the market rates went up, these Blue Book rates proved extremely moderate by comparison either with the rates paid for ships by the Allied Governments or with the bargains made by the British Government in most other industries.

TRANSPORT OF FROZEN MEAT

The requisitioning power of the Board of Trade is illustrated by the action taken to secure imported meat supplies.

At the beginning of the war the Board of Trade, at the request of the War Office, both bought the supplies of Army frozen meat and arranged for their transport. For this purpose they used compulsory powers, and paid a fixed rate, but the form of requisition was very different from that employed by the Transport Department. Frozen meat is conveyed in the insulated space of vessels which normally carry both passengers and general cargo. Instead therefore of requisitioning and managing the whole ship, the Board of Trade only requisitioned the insulated space. They paid a rate per forty cubic feet which was intermediate between the Blue Book rates and the current market rates of the time. But while using the insulated space so acquired for the conveyance of the meat they had purchased, they left the vessels otherwise free to run on their own accustomed routes and carry on their ordinary traffic both in passengers and general cargo. A principle, subsequently of importance, was established almost accidentally under this form of requisition. The insulated space was not always fully required for the conveyance of meat, and was therefore available for such commodities as dairy produce, rabbits, and fruit. These

articles, however, were not the property of the Government and were imported on private account. While paying the shipowners the rates for the full insulated space therefore, the Board of Trade subchartered freight to the merchants, any profit going to the Government. This established a practice which, though attacked as indefensible in principle, was successfully applied in 1917 over an enormous range under the liner requisitioning system described in Chapter IV.

EMPLOYMENT OF PRIZES

The British Mercantile Marine received a valuable addition in the enemy ships captured as prizes or detained in British ports; 241 ships of all classes of a tonnage of 626,000 were acquired in this way. Of these, the vessels captured abroad were dealt with by an 'Overseas Prize Disposal Committee', who both settled the technical difficulties included in their acquisition and arranged for their employment (by charter, sale, or transference to the Transport Department). The vessels detained in U.K. ports were for the most part used for coasting coal work and for that purpose were managed by a small special office (the Admiralty Coasting Trade Office) working in conjunction with the Board of Trade.

LOSSES AND FREIGHT RATES IN THE FIRST YEAR

During the first year of the war the losses, the many delays incidental to the dispatch and movement of ships under war conditions, and above all the steady increase in the demands for transport for war purposes, were steadily forcing up the open market freight rate. The less essential imports or rather—for it was beginning to be very far from the same thing—imports for which the economic demand was relatively less, were being excluded, and those that secured transport were paying a much higher price for it. In July 1914 the normal price for a six to nine months' charter of an ordinary tramp steamer was 3*s.* a month on the dead weight. In spite of the first paralysis of freights in August the market was already beginning to recover in October, when the rate rose to 3*s.* 7*d.* By December it had reached 6*s.* During the first six months of 1915 it rose more rapidly, averaging 13*s.* throughout the period and reaching 15*s.* by the end of it.

It is probable that during this period the least of the causes of high freights was the actual destruction of ships by enemy action. Both British tonnage and world tonnage were, indeed, almost identical at midsummer 1914 and midsummer 1915. Lloyds' figures covering ships of all classes and not only ocean-going tonnage, give 20.5 and 20.8 million tons gross for British shipping and 45.4 and 45.7 millions for world shipping. The losses of British ships of all classes had been nearly 400 ships of approximately 650,000 tons gross against which the building amounted to about 1,000,000 tons. For British ocean-going ships the total loss was 160 ships against a building of 150 ships. More important was the immediate unemployment of a considerable proportion of the world's tonnage. About 5,000,000 tons of German and Austrian ocean shipping were immediately penned in their harbours while about a hundred similar British vessels of some 300,000 tons were also locked up in Russian and enemy ports. As far as the British register itself was concerned, this loss was more than offset by the capture of 151 ocean-going vessels with a total gross tonnage of over 500,000. From the point of view of the world's transport, the unemployment of enemy tonnage was, of course, largely offset by the exclusion of Germany and Austria from the importing markets of the world. These two countries, however, never imported enough to occupy fully the total tonnage that was now put out of action. There was, therefore, some net reduction in the transporting capacity of the world in relation to its still remaining requirements, even without consideration of the new requirements due to the war.

More important than the actual net loss of tonnage through either losses or forcible unemployment of ships was the delay inevitably entailed by naval precautions. This is extremely difficult to estimate and for this period no statistics are available. It is probable, however, that not less than 20 per cent. of the importing capacity of vessels arriving and departing from French and British ports was lost through the delays incidental to their protection. These delays, of course, only affected vessels in dangerous waters, and the percentage of loss entailed for the transport of the world as a whole would be a considerably lower figure. To these delays due to naval measures were added abnormal

delays in port, in loading, bunkering, and discharging, resulting from the disturbance of the normal flow of trade and other causes. Still more important was the steadily increasing pressure of Government demands upon the world's tonnage, and particularly upon the tonnage under the British and Allied flags. The actual amount of tonnage directly requisitioned by the British Government, indeed, remained fairly constant throughout this period. This was, however, only a proportion of the real demands of the war upon shipping. The manufacture of munitions and of other supplies for the armies resulted in an increased importation of the relevant raw materials, which was mainly effected by merchants chartering in the open market and not, at this period, by requisition. What was true for British manufacturers was equally true, though on a somewhat smaller scale, in the case of France and, rather later, of Italy.

It is interesting to notice that the submarine during this period occupied a much less important place among Germany's instruments of attack than it subsequently attained. In the first five months only 3 ships were sunk by submarines as against 42 by mines and 55 by cruisers and raiders. At this time, indeed, the submarine was a much more fragile and timid foe than it afterwards became. It had to keep near its base ports. It could only live near a shallow bottom on which it could rest at frequent intervals. It was very vulnerable to any opponent who could find it. From the beginning of 1915, however, the submarines became far more active and in the first complete year the losses were 205 by submarines, 78 by mines, and 77 by cruisers and raiders.

In general, therefore, in the first year of the war, we may say that such inadequacy of tonnage as there was proved scarcely more than an inconvenience, that its main effect was not to cause the loss of any useful imports but merely to drive up prices, and that it resulted not so much from war losses as from the new war demands. The submarine was an irritating, but not at present a grave, aggravation of difficulties due to other causes. It was serious, not for any present results, but only as a portent of greater danger in the future.

CHAPTER II

THE SECOND YEAR—CONTROL BY COMMITTEE

Losses and Freight Rates in the Second Year. The Ship Licensing Committee. The Requisitioning (Carriage of Foodstuffs) Committee. The Port and Transit Executive Committee.

THE second year of the war saw a steady development, both of the various difficulties which we have seen beginning in the first year, and of the measures taken to meet them.

Losses increased, rising to an average of 87,000 g.t. per month as compared with 55,000 g.t. per month in the first year. The large building orders of 1913 had been completed, and as the yards were drained of labour by recruiting, shipbuilding declined. The output from August 1914 to July 1915 in British yards was 1,000,000 g.t. and in August 1915 to July 1916, 520,000 g.t. At the same time naval and military demands upon the diminishing Allied tonnage were seriously, though not rapidly, increasing. In the latter half of 1915 the proportion of British tramp tonnage under direct Government requisition rose to 25 per cent. as compared with 20 per cent. in the previous period, and in the first half of 1916 it rose to about 30 per cent. The demands upon the freight market made by raw materials required for the war manufacturers, but imported under commercial conditions, are less easily measured but were probably increasing even more seriously. By the autumn of 1915 the effect on freight rates was becoming very grave. The time-charter rate averaged over 18*s.* in the latter half of 1915 and it reached 27*s.* by the end of it. During these six months the freight rate for the Indian round voyage rose from about 100*s.* to 160*s.*; for the Plate round voyage, from 80*s.* to over 130*s.* This increase in freights was naturally reflected in a rapid increase in the value of ships which, as compared with the 1913 price of about £6 per ton dead weight rose from £15 per ton in July 1915 to about £19. 15*s.* by December.

Shipping freights thus became one of the factors (though still of

less importance than was commonly supposed) in driving up prices and particularly the cost of the necessities of life to a menacing height. The Government was forced into further measures of control of both supplies and shipping. It became evident that it was no longer possible to confine Government action to buying only military supplies or taking under requisition only the ships required for direct naval and military service, while leaving all the other civilian or munition requirements of the country to the haggle of the market. The results were becoming too serious both in social unrest and, indeed, in the actual demands upon the Exchequer, for the increased cost of raw materials drove up the prices which the Government paid for their munitions, and the increased cost of living drove up the rates of wages.

In November 1915, therefore, the Board of Trade, with whom the general responsibility rested for watching the economic condition of the country, appointed two committees with drastic powers under Orders in Council.

THE SHIP LICENSING COMMITTEE

One of these, the Ship Licensing Committee, began by exercising a licence control over the overseas employment of British tonnage exclusively engaged on traffic between ports outside the British Empire. At the time when it was appointed, allegations were being frequently made that many British ships were being employed in work either useless or serving no British or Allied interest. It was urged that the prohibition of such employment would make freight available for the more essential civilian services. The Committee, which consisted of a number of well-known shipowners under the chairmanship of an eminent lawyer, was appointed largely to meet these charges. It spent its first few months in investigating the facts. These proved to be, that there was comparatively little tonnage engaged in work which was obviously useless or unimportant. But except in such cases it was difficult for the committee to act effectively on its own authority. Its work therefore in bringing ships into useful employment by prohibiting what was useless did not give any substantial relief to the general situation. The tonnage withdrawn from distant work bore a very small proportion

to the increasing necessities of the country. The fact is that events moved too quickly for the Committee. The extension of direct requisitioning encroached on its work and the effective action, determining policy, passed from the licensing to the requisitioning authority. The Committee, however, soon assumed a rôle for which it was much better fitted. It was not qualified by its authority or its constitution to measure or judge between the country's needs. But with powers extended to licensing voyages of all British ships, it was admirably qualified in both respects to apply a policy determined elsewhere to individual ships. The Committee became the executive instrument of the Government for putting policy into effect as regards all British tonnage not controlled by requisition. When the Board of Trade, for example, arranged fixed 'limitation' freight rates for the French coal trade, the Committee secured their observance by refusing to license charters with higher rates and also by refusing licences to any ships which tried to escape the French coal trade for more lucrative employment elsewhere. When the Ministry of Munitions found it difficult to maintain their ore imports because vessels found it profitable to take coal outwards and hasten back in ballast for another cargo, the Committee retrieved the situation by refusing licences for ballast voyages. When the Cabinet, on the advice of the Shipping Control Committee, restricted the tonnage in the service of the Allies to the amount in service on April 1, 1916, the Committee enforced this decision as regards chartered ships by refusing additional charters, while the Transport Department, in close liaison, enforced it as regards requisitioned tonnage. With the practically universal extension of requisition in 1917 the Committee's activities were suspended. They were revived after the Armistice during the converse process of transition from requisition to freedom through intermediate stages of qualified control.

The Committee was therefore an executive instrument, not a policy-making body. Its contribution to the central problem of deciding what supplies should be carried and what sacrificed was of no great importance.

In one respect, however, the work of the Committee was an important step in the development of Allied relations. Its enforcement of the limitation on the amount of tonnage chartered

by the Allies involved constant and detailed negotiations with Allied representatives in London as to particular charters. Personal relations were established, knowledge was acquired, and the habits and methods of co-operation were established. And at the same time the need for organization upon a stronger basis, both of knowledge and of authority, was ascertained and recognized.

REQUISITIONING (CARRIAGE OF FOODSTUFFS) COMMITTEE

The second Committee, established by a simultaneous Order in Council on November 10, 1915—the Requisitioning (Carriage of Foodstuffs) Committee—had a shorter life but was an equally interesting experiment.

The Order in Council gave power to requisition or direct the employment of any British ship in such a way as to assist the importation of food or other necessities. In practice, however, it confined its action to the importation of grain (mainly wheat) and to a novel and very limited form of requisition. It did not, like the Transport Department, take a ship, pay so much for it on a time basis, and run it under its own orders. It merely required the owner to charter in a particular market, e.g. to bring a cargo of wheat from the North Atlantic to England.

The Committee's instructions were to provide freight so as to increase British wheat imports to 800,000 quarters a week from all sources and to reduce freights, and to do this by forcing tonnage into the Atlantic wheat trade. Later the importation figure was reduced, the range of operations was extended to the Plate and India, and vessels were directed to France and Italy as well as to Great Britain.

Tramps were ordered to charter for the freight of a cargo of wheat, or of a cargo containing a specified percentage of wheat, usually 75 per cent., and North Atlantic liners were required to take wheat and flour up to half their dead weight capacity.

The Committee had, of course, to draw on the same pool of ships as the Transport Department which dealt with the general requirements of the Government. Duplicate requisitioning was, however, avoided by leaving the selection of the vessels, of a total tonnage specified by the Committee, to the officer in charge of the Requisitioning Branch of the department.

From November till the middle of February the Committee directed under this system a smaller amount of tonnage than the unfettered market, with its ordinary economic demand, was itself attracting. Under this policy and during this period the Committee's action was entirely ineffective and had no results upon either imports or upon freight rates. When the Committee directed, say thirty vessels in a period when the ordinary market was attracting fifty, the result was naturally not to add thirty to the normal number of the trade, but to leave that number at fifty and merely to determine what particular ships should constitute thirty of that number—a matter of no importance whatever. The imports for seven weeks averaged only 510,000 quarters, and, in exact conformity with the general market rate, the Atlantic wheat freight rate gradually went up from 13*s.* on November 15 to 14*s.* 6*d.* on January 5, 16*s.* 6*d.* on February 15, and 18*s.* 3*d.* on February 29.

The Committee then for the first time proceeded to direct vessels in excess of the number the market was itself capable of attracting. The effect was immediate and dramatic. The North Atlantic freight rate, which had been 18*s.* 3*d.* on February 29, dropped to 12*s.* 6*d.* on April 20 and to about 8*s.* by June 30. Weekly imports rose to 665,000 quarters.

By this time, however, it was clear that wheat was obtaining too much tonnage in relation to other commodities; the Committee's activities were restricted and were henceforth of little importance.

As an experiment in dealing with the problem created by shortage of tonnage, the Committee was not a success. At first sight, indeed, it secured all its objects. Wheat imports increased; the freights on them were reduced. Two serious defects in the method must, however, be noted. The first is that it is impossible under it to secure the whole or even any large proportion of the benefit of the reduced rate of freight for the consumer. When rates are broken, as they were in the first period of the Committee's greatest activity, the inevitable effect is that the greater part of the difference goes in extra profits for the merchants, who have made their bargains on the basis of the higher rates previously in force and who have no inducement to alter their bargains because the

rates have since fallen. To be effective, control over a given commodity must be complete. The second defect is even more serious. The advantage gained for a particular commodity is gained at the expense of all others. The effect of forcing more ships into the wheat trade than the market would have attracted was to reduce the imports and increase the freights of other commodities, many of which were no less essential than wheat. Probably the total increase in freights in other markets was greater than the reduction in the wheat market. The consumer probably gained a small share in the reduced cost of one commodity at the expense of bearing a large share of a greater total increase in other commodities. To be effective, control over commodities once begun must be comprehensive in its range as well as complete in its character.

PORT AND TRANSIT EXECUTIVE COMMITTEE

A third committee, destined to a longer period of usefulness, the Port and Transit Executive Committee, was formed just before the end of 1915.

At an early stage in the war the time spent in port in loading, unloading, and bunkering, became a serious factor in the shipping position. Many causes contributed to delay vessels for much longer periods than had been customary in peace. Traffic was diverted from its ordinary channels, and some ports were therefore more fully worked than others. Detentions of vessels through submarine precautions would result in the arrival of a bunch together instead of the comparatively regular stream for which the ports were suited. Increases and changes in demands upon railway transport made it difficult to keep quays and transit sheds clear. Finally, the labour available for loading and unloading necessarily suffered with every other service from the constantly increasing necessities of recruitment and enlistment. The importance of the delays resulting from these and other causes has never been adequately recognized. At certain periods in the war (and for the whole period since the war) the reduction in imports through port delays was greater than that due to the actual loss of vessels. In France the problem was intrinsically more difficult and the situation worse than in England. The country imported only some 20 million tons in peace, but during the war

had ultimately to deal with 60 million tons a year. For this enormously increased quantity the port facilities and the whole mechanism of dispatch and clearance had to be improvised and built up. Even in England, however, where the total imports fell steadily from 55 million tons before the war to 35 million tons in 1917, the importing power of even the reduced tonnage was still further diminished by the constant or occasional incapacity of the ports to handle cargoes or the railways to clear them.

It was in order to deal with this problem that the Port and Transit Committee, comprising both official, shipping, and port experience, was constituted by the Admiralty in December 1915. It worked continuously till the end of the war at the problem of improving the conditions in British ports, both by defending port labour against excessive enlistment, by arranging for the pooling of berths, by improving the port railway service, and in other ways. One particularly interesting and successful experiment was the formation of a labour corps recruited under semi-military and semi-civilian conditions and so organized as to be available for rapid transfer to any port where congestion was for the moment particularly serious. It cannot be said that port conditions were satisfactory at any time during the war, and after the Armistice they became still worse, largely through shorter working hours and slacker work. But certainly the conditions were substantially better than they would have been but for the labour of this committee.

The work of the first two committees described in this chapter became relatively less and less important as the growing pressure forced the Government to take more direct and drastic action.

Power passed more and more into the hands of the requisitioning authority.

CHAPTER III

THE SECOND YEAR (CONTD.). CONTROL BY REQUISITION

The Requisitioning System. The Shipping Intelligence Section and the Card Index. Proportionate Requisitioning. Commercial Branch. Allocation of Ships to Service. The system of 'Conditional Release'. Requisition and Commerce. Bunker Supplies. The Shipping Control Committee. The Shipping Position in April 1916. Recommendations of the Shipping Control Committee. Difference in character of Peace and War Cargoes. The Shipping Position in the Second Year.

THE growing demands upon shipping during the second year greatly increased the scope and importance of requisitioning.

In the first months of the war each of the two main branches of the Transport Department, the naval and the military, selected the vessels most suitable for their requirements and issued their own orders. Simultaneously the local chartering agents at Cardiff and Newcastle, under general directions from Naval Branch, were selecting colliers and exercising a power of local requisition.

The comparative abundance of shipping made it possible to continue the independent exercise of these powers throughout the first year of the war. Constant communication between the two branches and the local agents, together with their common responsibility to the Director of Transports, prevented any serious duplication of orders. As the needs of Government transport increased, however, it became evident that the selection of vessels and their requisitioning must be centralized. In the autumn of 1915 therefore a new branch, the Requisitioning Branch, was formed. Henceforth this branch selected the ships and issued the requisitions for all Government requirements. Gradually all demands for tonnage were considered in conjunction with all the tonnage available and the arrangements were made on the basis of one general and comprehensive programme.

In this new work the branch was assisted by the institution of an elaborate card index, in which ultimately the movements and employment of all the ocean-going tonnage of the world were followed from day to day. Information was collected from a score of sources—from private telegrams passing between owners and merchants (1,000 a day), from special messages from Customs officers at home and from Naval Transport Officers and the Admiralty Officers at home and abroad (400 a day), from ship-owners, from liner conferences, from naval boarding and patrolling vessels, and from many others. When it became necessary, as a measure of precaution in the anti-submarine arrangements, to prohibit private telegrams as to ship movements, all these sources of information became inadequate. At very short notice arrangements were made with Consuls and other Government officials in practically every part of the world to send special cipher cables direct to the index.

The information so obtained was recorded in a system which made it rapidly available for any purpose. Each ship had its own card on which every item of information about it was concentrated. The colour of the card distinguished its type and a movable metal clip its approximate position. The index was primarily formed for the internal work of the Transport Department. In time, however, it had a much more extended use. By the end of the war it was furnishing some 5,000 different returns a year required for executive purposes by the many departments of the Government concerned in knowing the movements of supplies or ships. It served not only the different executive branches of the Transport Department, but also the big supply departments; the authorities responsible for the blockade; for making the arrangements with neutrals; for arranging defensive armament; for dazzle painting and convoys. In 1918 the index was incorporated into the Allied organization. The French shipping authorities used its information for their current executive work by means of telephone communication from London to Paris. The American shipping authorities similarly relied for much of their information on daily cables from the index.

SELECTION OF VESSELS

With the aid of the Shipping Intelligence Section, and its card index, the Requisitioning Branch would draw vessels from the entire range of the British Mercantile Marine, would issue requisition notices to the owners, and then place them under the orders of the various executive branches requiring them.

In the process of selection many factors required to be taken into account. The vessel must be of the right type, and be available for service at the place and date required. Subject, however, to these two primary conditions, the branch had to consider how it could obtain tonnage with least injury to the trade of the country, and how it could most fairly distribute the burden of requisition between the different shipowners.

One important reform was at once introduced. It was impossible to obtain from the War Office and other supply departments sufficiently early notice to arrange shipping on a definite programme. Very frequently demands would be received so late that there was practically no field for selection. Vessels which could make the dates had to be requisitioned, whether or not they were entirely suitable and whatever dislocation of industry was involved. In many cases they had to be requisitioned on arrival at loading ports after they had completed an outward voyage, and in some cases part cargoes had actually to be removed. At the beginning of January 1916, for example, the wheat trade was seriously dislocated because vessels which were already in or near the Plate to load wheat, had to load nitrates in Chili for the Ministry of Munitions. The result was to cause a very heavy loss to the importing merchants and so to make them restrict and reduce further imports of wheat. As the wheat supplies of the country were at this time dependent upon the private enterprise of these merchants, this was obviously a most serious matter. At the same time no solution could be found by asking departments like the Admiralty, the War Office, and the Ministry of Munitions, to give several months' notice of all their requirements. Under the changing conditions of the war it was impossible to expect that they could always be known so far ahead. The central direction of shipping made another solution possible.

Without waiting for specific demands Requisitioning Branch began to issue notices to a number of vessels that they must expect to come on service at the expiration of their current voyages. By this means there were vessels in hand to meet emergencies when they occurred. By pursuing this policy cautiously it was possible to avoid almost all last-moment requisitions, and at the same time the vessels notified were never in excess of the demands when they matured and were never wasted. It is a much easier matter to gauge with sufficient precision the approximate total likely to be required for all work than to estimate in detail for each particular service. Henceforward new requirements as they were notified were met either by a re-allocation of a vessel already on service or by one which had, under the above system, received long notice that she would be required for service on completion of a specified private voyage. The result was entirely good. In and after 1916 it was practically never necessary to requisition a vessel after arrival at her loading port. In comparatively few cases was it even necessary to break charters. The system was made more perfect by a close liaison with the Ship Licensing Committee and by specially elaborate precautions to avoid the necessity of breaking wheat charters. The total effect of this centralization of authority, coupled with the arrangements described above with the Ship Licensing Committee and the Requisitioning (Carriage of Foodstuffs) Committee, was to reduce to a minimum and almost to abolish the dislocation of commercial arrangements caused by uncertainty as to whether a given charter could ever be carried out. Commercial requirements had, of course, to be curtailed as before on account of requisitioning but not, except in rare cases, without adequate notice. Merchants had difficulty in finding tonnage, had to pay high rates for it, but were reasonably sure that, once chartered, it would not be taken away from them.

The other task, of allotting requisitioning fairly between different owners, though of less intrinsic importance, occupied a serious, and perhaps disproportionate, part of the time and thought of the harassed Transport Department.

It will be remembered that the rates paid for requisitioned ships ('Blue Book' rates) were moderate and fixed, while those in the open market were exorbitant and continually rising.

This discrepancy added a difficult and invidious task to the

duty of requisitioning. For a British owner to have his ships requisitioned was always in his eyes a disaster, and to have more than his share, a grievance.

The anomalies of a system which allowed the transport of private cargoes to be so much more profitable than that of Government cargoes are well illustrated by the unfortunate case of one shipowner who had for years before the war made special efforts to build exactly the type of vessel most suitable for coaling the Fleet. He had built his vessels much more expensively. He had given them extra speed, and designed them for rapid discharge. The inevitable consequence was that the Fleet wanted, and had to have, the whole of his fleet continuously at its service. The owner therefore got no more than Blue Book rates (with a very small addition to represent special value) for all his expensive fleet, and had the mortification of seeing owners of old and inferior ships, earning several times as much money precisely because they had not been designed to be useful in a national emergency. This was, however, an exceptional case. There was usually in 1916 a considerable, though diminishing, range of selection. Wherever possible the department, when obliged to requisition further vessels, took them from owners who had the largest proportion of their tonnage still under their own control. For this purpose elaborate statistical records were kept which showed at a glance what service had been obtained from each owner's fleet up to date (as a percentage of the total possibility of service if his whole fleet had been continuously requisitioned). In time it was found possible to allot requisitioning so as to keep most of these percentages approximately equal.

This minor, but embarrassing, administrative difficulty was removed incidentally when the larger problem of excessive profits was solved in 1917 by the extension of requisitioning till it included all ships, combined with an extension of control till it included practically all supplies.

COMMERCIAL BRANCH

Early in 1916 another new branch was established in the Transport Department which was destined to be of great importance, particularly in connexion with the problem which forms

the theme of this book. In the first year and a half of the war, Government transport had been almost confined to transport directly required for purposes of the war. Sugar was the only notable exception, and the transport of sugar, which was comparatively simple, had been conveniently, though on no very logical principle, added to the duties of the Naval Branch. Now, however, the extension of control and the reaction in every direction of Government requisition upon the chartering of ships for commercial cargoes threw a great deal of commercial work upon the department. A new branch, the Commercial Branch, was therefore formed, at the head of which, after a short period, a well-known shipowner was appointed. This branch gradually accepted responsibility for the transport of each new commodity which was brought within the sphere of Government control till it finally handled the transport of nearly all the civilian supplies of the country.

In time this branch shared with Requisitioning Branch such responsibility as fell upon the shipping authority for giving a preference to some commodities over others by the allocation of ships and shipping space. The tonnage required for the transport of troops, of finished munitions, and of supplies for the Navy (that is, the demands handled by Naval and Military branches), was relatively incapable of reduction or variation. Adjustments to the changing shipping position had for the most part to be made by variations in the imports of food and of the raw materials for both civilian and military manufacture, all of which were handled by Commercial Branch. And while Requisitioning Branch was indented upon by all these three branches, and had some authority over the tonnage allotted to each of them, the allocation of tonnage as between the various commodities handled by Commercial Branch was mainly determined by the latter branch. Later, when liners too were requisitioned and were loaded in accordance with official instructions and in adjustment with the general Government programme, Commercial Branch issued the orders. It followed naturally that when responsibility was accepted for specific Allied programmes, such as wheat, the same branch had to give practical effect to it.

ALLOCATION OF SHIPS TO SERVICE

At this point it may be well to give a description of the actual mechanism by which vessels were being from day to day allotted to their respective tasks.

The big war departments, the Admiralty and the War Office, were sending in their demands in detail. Some of these were in the form of requests for actual ships, e.g. so many auxiliary cruisers of a specified type and speed. The Transport Department's duty was then practically limited to finding a ship and paying the owner—the Admiralty taking it, manning it, and running it like a ship of the Navy. This form of management was, however, comparatively rare. More commonly the demand would be for the conveyance of such and such an amount of stores at certain dates and to certain places. A whole scheme of collier supply, for example, would be sent in for the Fleet and its depots all over the world. The War Office would demand the transport of specified numbers of troops both from the Dominions to England and on the small Channel steamers from England to France. These demands, for the most part in terms not of ships but of transport, would be handled by the relevant executive branches, and turned into detailed programmes of so many ships of certain types. At any given moment each of these branches therefore had under its direct orders a big fleet amounting perhaps to about a thousand ships.

Some of these vessels were kept almost continuously under Government control. Transports, for example, which required special fittings to make them suitable for the conveyance of troops, were maintained as an unchanged transport fleet, supplemented when necessary, but with practically no interchange with free vessels. They were permanently outside the ordinary free traffic of the world.

A similar system, applied without modification to all cargo vessels, would, however, have meant great loss and waste. Colliers, for instance, were required to take coal to the Mediterranean, but when they had discharged their cargo at Malta or Alexandria, there was no Government cargo requiring return transport. Private return cargoes were, however, at the same time waiting

for freight, cotton seed from Alexandria ; or ore, wheat, or linseed from India, just through the Canal. If therefore Government cargoes had been carried solely by ships on continuous Government service and private cargoes by ships continuously in private employment, requisitioned ships would have gone to the Mediterranean with Government cargoes and returned empty, while private ships were going to the Mediterranean empty, to return with private cargoes—an obvious waste. It was therefore necessary to make the Government ship available for private cargo as soon as she had discharged her coal. At the same time, however, it was vital to ensure that there should always be suitable vessels available in Wales for the very large weekly coal programme for the Navy. The problem could not be solved at this moment, as it was later, by the Government shipping a return cargo on their own account, as they neither controlled the return cargoes nor were empowered to let tonnage on the market to private merchants. For the time a solution was therefore found in the practice of giving the vessel ‘temporary release’ from Government requisition as soon as she had discharged her Government cargo. The owner was allowed to charter his ship on the market for the return voyage on the condition (which was necessary in order to secure that colliers were always available in South Wales) that he did not charter her for too long a voyage. This example from the collier service is only one illustration of a system extending over a very wide range and variety of ships and services.

We see in this device of conditional ‘release’ the way in which an unsought and invidious responsibility was gradually thrust upon the Transport Department for judging between commercial requirements.

It is important to remember that control was extended step by step by the compelling force of circumstances. It was already almost complete before it was adopted as a deliberate policy. Each new extension was normally undertaken reluctantly as the only method of meeting an immediate emergency.

In releasing a collier at Malta the department had to decide whether to allow her to go to India, or only as far as Alexandria, before returning to collier service. This meant deciding in fact whether an Indian cargo or an Alexandrian cargo should be im-

ported and thus forming a judgment as to whether at the moment manganese or cotton seed was more essential.

As requisition for Government transport increased and the number of free ships diminished, such decisions became a greater factor in the freight market. Thus, little by little, the department was thrust into the position of measuring the relative importance of the commercial needs of the country. For this work it had no adequate information or organization. It had at its service no statistical survey of the requirements of the country in conjunction with the current figures of imports, on which the work might have been done on a scientific basis. It did the best it could with the assistance of its Advisory Committee of shipowners and with such light as was thrown on its problem by the rates of the freight market, by direct representations from countries or interests concerned, and by other forms of information. This was a responsibility, however, which the department was very anxious to escape and which it hoped would have been taken over by the new body described on p. 64—the Shipping Control Committee—whose establishment it had strongly urged.

Meanwhile the pooling of tonnage under the above system was continually increasing. A very large proportion of tonnage in Government service was interchangeable between different work. The ordinary type of ocean-going tramp might be, and was most economically, used interchangeably to carry coal, sugar, steel, and oats, or commercial cargoes of many kinds. The system reached its fullest development in connexion with 60–100 colliers discharging in the Mediterranean each month, and the general shipping arrangements were largely built up on the re-allocations of these vessels.

Another good instance of the way in which the responsibilities of the department increased as free tonnage diminished is the action taken to maintain the supplies of bunker depots. Partly through the restriction both of tonnage and of the exports of coal, of which the production had become inadequate, private enterprise failed to secure coal supplies for the private coal depots. If nothing had been done the whole tonnage of the world might have been immobilized for want of bunker coal. A scheme was therefore hurriedly devised by which use was made of the Trans-

port Department's power of control to force the necessary vessels into bunker supply work. A detailed scheme was worked out and vessels were released from direct Government service at specified times on condition that they chartered on the market to carry coal in accordance with it. The arrangements affected the Admiralty Coal Exports Committee, the Ship Licensing Committee, the Requisitioning (Carriage of Foodstuffs) Committee, and had to be agreed with all these authorities, but in practice they had to be put into force in connexion with the release of Admiralty vessels and therefore by the Transport Department.

It was becoming clear from this and many other instances that some authority was required to co-ordinate the shipping problems.

SHIPPING CONTROL COMMITTEE

On January 27, 1916, therefore, the Shipping Control Committee, consisting of a Cabinet Minister, two well-known ship-owners, and one eminent financier, was appointed with the object of exercising a general supervision over shipping problems. The terms of reference included the duties of deciding on allocations of British ships to the Allies and to the essential imports of the United Kingdom, and the right of making representations to the Cabinet, but not of deciding, on allocations for naval and military purposes. These duties, if understood in their fullest sense, would have implied a general supervision of all the problems connected with the shortage of mercantile tonnage and the responsibility either for handling them or for seeing that they were effectively handled by some Government department or other body. It is probable, however, that the real intentions of the Government in appointing the Committee were more restricted. In any case the Committee consisted of part-time members, who all had other work and interests; and had only one whole-time officer in its service. Its actual work, therefore, was very limited and brought no substantial relief to the burden resting upon the Transport Department. The Committee was dependent for its information and the presentation of the problems with which it dealt upon the executive departments. It sometimes acted as a useful intermediary and arbitrator when the claims of these different departments or of different Allied Governments were in

conflict. Its constitution did not, however, enable it to undertake original and independent work involving continuous and detailed investigation. While it assumed, for instance, a formal responsibility for deciding between the different commercial requirements, in practice it merely endorsed and gave support to the work of the Transport Department and neither supplemented nor replaced it.

THE SHIPPING POSITION IN APRIL 1916

The most important action taken by the Committee may be briefly summarized.

A few weeks after its appointment it made a general survey of the British shipping position. This showed that, allowing for the vessels engaged in Government service, between 1,500 and 1,600 steamers of some 7,000,000 tons gross were left to meet the demands of the import trade of the United Kingdom and the extra demands of the Allies. The ocean overseas imports into the United Kingdom during the first twelve months of the war were estimated at 49,500,000 tons weight. This required 31,160,561 tons net of shipping entrances, that is, in view of the average time taken on a voyage, about 7,790,000 tons net, or 12,500,000 tons gross of shipping. Of this, foreign shipping still furnished about 3,600,000 tons gross, leaving as demands of British imports on British shipping 8,900,000 tons gross. New demands, based upon very real necessities and strongly urged, were being made by France for about 608,000 tons gross and by Italy, for about 820,000 tons gross.

The result was a total demand, if the ordinary import trade were to be maintained on the scale of the first year, of some 10,328,000 tons gross, with only 7,068,000 tons gross to meet it, showing a deficit of 3,250,000 tons, or a deficiency of 13,000,000 tons weight of imports.

The Committee therefore suggested the temporary prohibition of all imports, except specified essentials, amounting to a total reduction at the rate of 13,000,000 tons per year.

A reduction of this kind and on this scale, effected by direct and absolute prohibition, would have had incalculable results upon the still unexamined and unorganized economic system of the

country, and the information and preparatory work behind the recommendation were clearly not sufficient to warrant such drastic action. In particular, later experience showed that while a certain limited number of articles could be excluded altogether as unnecessary, the economy that could be effected in this way was relatively small. The great bulk of any reduction must be made not by the total exclusion of certain articles but by the exclusion of all beyond certain points. The actual effect of the above recommendation was therefore comparatively slight. A scheme of import prohibitions which, even if fully enforced, would have given a reduction not of 13,000,000 tons but of about 4,000,000 tons was approved, and in actual application this amounted to less than 2,000,000 tons. The Committee were right, however, in stating that the shortage of tonnage inevitably entailed a much greater reduction (though they overstated it). The consequence was that only a small part of the reduction was effected by a deliberate exclusion of unessentials. The bulk continued to be effected in the future as in the past, partly through the exclusion by high freights of articles which could not pay the price, and partly by the executive action of the Transport Department in the allocation of tonnage.

Meantime, however, the actual figures of imports were showing a compensating factor for which sufficient allowance had not been made.

In the eight months ended June 30, 1916, the tonnage of ships entered was 35 per cent. below the figures for the corresponding eight months ended June 30, 1914, but the reduction in the weight of imports was only 10 per cent. As compared with the eight months ended June 30, 1915, the reduction in tonnage was 10 per cent. and in net weight of imports less than 3 per cent. These figures point to a curious and interesting fact about the nature of requirements in war as compared with those of peace. War imports tend to be much heavier in relation to bulk. Heavy cargoes like coal and ore, munitions, nitrates and wheat are carried, and bulky cargoes, wooden manufactures, &c., are dispensed with. Imports measured in weight therefore are always greater than can be expected from peace statistics on the basis of tonnage entrances of ships. Incidentally this throws some light upon the charge

that was constantly being made against the Transport Department that ships were leaving their ports with empty space. It was true ; it was necessarily true. The ships of the world were built to meet peace requirements. They were so built as on the whole to carry the cargoes wanted with their space just filled and the weight such as just to bring the vessel down to her Plimsoll marks. It is obvious therefore that if, with the ships remaining as they were in peace, war cargoes became heavier in relation to bulk, the ships of the world would be brought down to their Plimsoll marks with much of their space left empty. No conceivable management therefore could have filled the space in all the ships.

The other recommendations of the Committee were equally rough and ready. It was proposed to withdraw vessels from naval and military service ; and to limit British tonnage allotted to the Allies to the amount in their service on April 1, 1916.

Both these recommendations were based solely upon a consideration of the needs of tonnage for other purposes, i. e. British commercial and civilian supplies. The Committee possessed no real information, which was indeed very difficult to obtain, as to either naval and military or Allied needs. It was therefore impossible to give full and permanent effect to them. The one with regard to the Allies was in fact enforced with some qualifications for a time and it had the most important indirect consequences. It caused such a shortage of certain Allied commodities as to compel reconsideration, and at the same time it demonstrated the necessity of basing this new action upon a more complete organization and fuller knowledge than had hitherto been available.

Generally it may be said that the Shipping Control Committee was an interesting transitional experiment. Its constitution recognized the principle that no authority could do work of the kind required unless it both had access to the ultimate power in the State and included persons who were in contact with the executive work of controlling ships. But the members of the Committee could only devote a part of their time to the work ; and those of them who were associated with the Transport Department were there in an advisory capacity without direct executive authority. The main limitations of the work of the Committee, however, resulted from the fact that it did not recognize the

necessity of a strong administrative staff acquiring the necessary information and working in detail upon the intricate problems involved.

The essential problem was, therefore, still unsolved, but the lessons of this last experiment were clearly in the minds of those who ultimately constituted the later organization.

The second year of the war was thus one which witnessed a great development in the British control system, both of supplies and of shipping. It began with an inconvenient, though still not dangerous, shortage of tonnage; it ended with a situation of serious difficulty. Government demands on tonnage continued to expand; port delays grew; losses increased and were no longer met by the declining output. The normal economic system, based upon competitive individual enterprise, was now breaking down in every direction; and by the end of the second year (July 1916) control was extended over the greater part of the economic system and clearly destined to include the remainder.

CHAPTER IV

SHIPPING IN THE THIRD YEAR (1916-17)

The Shipping Position. Growth of the Shipping organization. Liner Requisitioning. The Ministry of Shipping. Shipowners and officials. The Imports Restriction Committee. The Tonnage Priority Committee. The new Submarine Campaign. Allocation of Shipping in 1917. The Entry of America. The Shipbuilding effort of 1917. American Shipbuilding. Summary of First Three Years.

THE third year of the war was one of crucial importance. The shipping situation became more serious than at any previous period. As the intensive submarine campaign began and was countered by the institution of the convoy system, America ranged herself with the Allies. There was a great development in British organization, the Ministry of Food being established to centralize the control of food, and the Ministry of Shipping that of shipping; and a renewed effort in shipbuilding was made between Great Britain and America.

THE SHIPPING POSITION

The increasing shortage of tonnage was reflected in the later months of 1916 in the increasing freight rates and profits which for British ships now reached their maximum limit. British time-charter rates rose to 40s. a ton d.w. and even touched 50s. as compared with 3s. immediately before the war and 13s. to 18s. in 1916. Requisition was being extended to cover practically all British ships, and they were paid at the uniform Blue Book rates. Thereafter such few private charters as were allowed give no useful indication of the shipping position.

In February 1917 the new submarine campaign began. As we shall see in a later chapter, its success was immediate. Within a few months the submarine blockade became a greater danger to the Allies than the surface blockade was to Germany. Losses at the rate of April 1917 would have soon nullified the military efforts of the Allies. Probably some of the distant expeditions

would have had to be withdrawn at any cost. The danger was ultimately met, as we shall see, by the convoy system, but in the third year this system was a hope of the future rather than a proved success.

The position in the spring of 1917 was indeed more serious than at any time of the war before or after. The losses were at their maximum, the new system of defence, the convoy, had not yet demonstrated its efficacy, building in the Allied countries was at its minimum; the new American construction had not been begun or even projected, the complete organization for the control of supplies in the Allied countries and for measuring their comparative importance had not been developed. So grave was the situation that at this moment there were many who thought that it was hopeless and that the Government ought to take the shortage of shipping into account in considering their policy with regard to continuing the war.

GROWTH OF SHIPPING ORGANIZATION

The increased gravity of the position resulted in a rapid increase in organization. A later chapter will describe in outline the centralization of the control of food by the new Ministry of Food established in December 1916, and the extension of control by the Ministry of Munitions, War Office, and Board of Trade, over other materials. We must follow in rather more detail the growth in the organization of shipping.

By the end of 1916 the Transport Department had become a large and efficient office upon which the force of circumstances had thrust a measure of responsibility altogether in excess of its status and recognized authority. The management and still more the allocation of shipping had become the crucial factor in the conduct of the war, and it was clearly anomalous that the responsibility for work of this character should rest upon a branch of the Admiralty whose main attention was necessarily directed to quite a different sphere. The new Government formed at this period therefore established a new Ministry of Shipping under a Shipping Controller. This Ministry had the rank and status of a separate department with representation in the Cabinet, and its powers were derived from the Act of Parliament by which it

was constituted and no longer depended upon the Prerogative. The Transport Department was absorbed in the new Ministry and throughout formed the nucleus and central part. No essential change was made in the internal organization although the department was expanded to meet its increasing work. New branches were added to deal with certain new duties, such as shipbuilding, that were afterwards assigned to it, and it was strengthened by the association of expert knowledge and by the greater weight and authority among shipowners due to the choice of the new Controller from among their numbers.

Its work was, however, considerably increased by a decision of the Government to extend requisition over all British vessels. Hitherto the Government had requisitioned the vessels it needed for its own services. These had continually increased, as the area of control was extended, and, by the end of 1916, absorbed nearly all British tramps. The remainder, however, were free to accept charters in the open market, and the majority of liners still plied on their accustomed routes. The Government had indeed requisitioned a number of liners, particularly for the work of transporting troops, but the main burden of service had hitherto fallen on tramps, whose withdrawal of course meant no such economic disturbance as the removal of liners from a regular service.

The free bookings on liners, indeed, represented throughout the earlier period of the war the main safety valve of the system, the method through which any interference with the economic life of the country, which might have been caused by Government action based upon inadequate knowledge, was corrected and remedied. The liners in fact had assumed the part taken by tramps in peace time of being the main adjusting factor in a changing economic demand.

By the end of 1916, however, with the increase of the range of Government control it became evident that liners could not continue to enjoy their immunity. Either liner services must be depleted by requisition or they must themselves be controlled. For a time the former method was adopted, though on an inadequate scale. Early in 1917 the Government decided upon universal requisition, partly in order to secure closer control and partly to restrain profits.

The Ministry were loath to undertake suddenly the responsibility for the direct management of this large block of additional tonnage and it was clearly desirable to utilize the services of the owners' local organization at ports of loading and discharge.

LINER REQUISITIONING

An ingenious and novel form of requisition was therefore devised by a well-known liner owner and put into very successful execution by him. All liners were formally requisitioned and paid at Blue Book rates. But the owners continued to run them and to fill any space not occupied by the increasing quantities of Government supplies by offering freight on the market in the ordinary way, the freight, however, being henceforth on Government not private account. To administer this new form of requisition a new section of Requisitioning Branch was formed, under the general control of a committee of liner owners. The aid of the liner conferences and their organization was enlisted. The ships on every line were reviewed in the light of the Government requirements on the different routes, and the Atlantic liner services were supplemented by the diversion of liners from more distant routes to meet the continual increase in shipments from the nearest source of supply in North America. The liner space so available was then filled in accordance with orders issued by the Commercial Branch. This system became of the utmost importance in the supply arrangements of the country. By the end of the war indeed more than four-fifths of the imports were brought in under it, less than one-fifth coming in tramp steamers requisitioned under the early system.

The increase in shipments from North America soon created a difficult problem of adjusting railway transport to the ports with loading of the ships; and an organization, which grew to large dimensions after America joined the war, was established in New York to undertake the intricate work involved. The co-operation between the American and British Governments was signally marked in 1917 by an invitation to the head of the British organization to accept a position on the American Shipping Committee at New York which allocated American tonnage under general instructions from the Shipping Board at Washington.

DUTIES AND PERSONNEL OF MINISTRY

In addition to new duties of this character, however, much of the work undertaken by committees, which had been independent of the Transport Department, was brought within the authority of the new Ministry. It accepted for a time the responsibility for shipbuilding and exercised a general authority over the Neutral Tonnage Conference and the Executive of the Chartering Committee (p. 106). The Shipping Control Committee terminated its separate existence, some of its members serving as an Advisory Committee to the new Ministry in replacement of the Advisory Committee of the Transport Department.

By the middle of 1917 the Ministry had proved itself one of the most successful of the new departments created during the war. Its several branches and its large staff were working together in the closest co-operation, and it had its duties well in hand. This success was due partly to the personality of the Shipping Controller, partly, it may be suggested, to the fact that, unlike most new departments, it had as a nucleus a department of the permanent service, whose members had already worked together for years. The Ministry also presented a particularly good example of the association of the permanent official and the business man, perhaps the most successful in British administration. It was an equal association and not the subordination of the one class to the other. The Minister was himself a shipowner and was assisted by an advisory committee consisting of shipowners. On the other hand, most of the important departments were in charge of permanent officials, with shipowners on their staffs, though one of the most important and most successful was under a shipowner with civil servants on his staff. Probably both shipowners and officials learned in their daily association to appreciate qualities in the other which they had scarcely recognized before. To the official the shipowner had during the early part of the war often seemed a person unduly concentrated on the management and interests of a particular group of ships; with an inadequate conception of the necessary consequences of a submarine campaign and the demands on shipping of a great war; inclined to think that peace methods, the operation of supply and demand, the

freight and charter system, were still desirable long after they had in fact become impossible ; reluctant to see trade activities subordinated to a need which he saw less clearly than he did the cost of meeting it. To the shipowner the official was doubtless a person handling clumsily and in the mass a business which required expert knowledge and a delicacy of detailed arrangements beyond the scope of official methods ; a person who was sometimes curiously tortuous and dilatory in his methods and concerned with so many considerations apparently irrelevant to the business of managing ships. When they worked together, however, the official soon found that individual shipowners at least brought qualities and knowledge outside the compass of most officials. He found that some of the organizations hitherto used as a defence against necessary requisitioning could, with shipowners in the department, be used to make requisition itself and the subsequent control of shipping more effective and more economical. The shipowner, on the other hand, found that the faculty of administration, the acquired experience and aptitude in linking and co-ordinating the special knowledge of a particular trade or profession with the necessarily intricate system of Government control was itself an ' art ' as important and valuable as his own. He realized that when the automatic guide and criterion of the rising and falling freight market had disappeared, and necessarily disappeared, the choice and the direction of ships involved some considerations which were outside his own special experience. The shipowner, so long as he kept within a limited number of laws and regulations, could under peace conditions decide what to do with his ships by the comparatively simple criterion of the most lucrative rate. He need take into account neither political considerations, the needs of his customers nor the susceptibilities of Allies and Dominions, except only in so far as they were automatically registered for him in the freight market. But he realized, when he found himself in an official position, that in war these things did indeed require consideration and that his own technical knowledge needed to be supplemented by the sort of skill which is given by official experience.

Both officials and shipowners made real contributions to the constructive work of building a new organization and to the

development of new policy, as well as to the current business of administration; and few of either profession who worked in the Department would contend that it could have been successfully run without both.

The departmental organization of the Ministry to control shipping was in the same year supplemented by two Committees designed to reduce the demands made upon the Department. The first of these was purely temporary. In January 1917 the Government appointed a new Imports Restriction Committee with instructions to reduce the import supply programmes of the different departments by about five hundred thousand tons a month, with a view to sparing both tonnage and exchange. While the Committee was still sitting, the new submarine campaign began and the losses made it at once clear that a reduction of imports would be required at the rate of at least a million tons a month and must be made with reference solely or almost solely to the shipping problem without regard to finance. This task proved beyond the capacity of the Committee, and once more the hope that programmes would be reduced within the limits of transport proved to be illusory. Once more the choice between imports which should come in and those which should be left behind had in fact to be determined mainly by the actual allocation of ships from day to day.

TONNAGE PRIORITY COMMITTEE

One more attempt was made to bring supply programmes within the capacity of transport. The Shipping Control Committee had proved inadequate for this purpose, because it did not effectively represent or control the supply departments themselves. An Inter-Allied Shipping Committee (p. 140) had failed, because its members had neither the authority of Ministers nor the daily contact of executive officials. The Imports Restriction Committee had again failed to achieve its task, because the shipping problem was changing too quickly for the plans drawn up by any temporary committee to have more than a very temporary utility. The new committee, the Tonnage Priority Committee, attempted to avoid these causes of failure. It was permanent (it met once a week, and continued to do so with some intervals

throughout 1917 and a part of 1918), and it was composed of the actual executive officials from the different departments who were handling the several supply programmes. It served a useful purpose in enabling the different supply departments to understand why it was that the shipping authorities were unable to meet their requests, and it secured considerable reductions in their programmes and consequently lightened the burden of responsibility falling directly upon the shipping authority. It proved, however, inadequate for the full task contemplated because, as the shortage of tonnage became more serious, the reductions in the supply programmes entailed serious political and other dangers. It was impossible for the officials on the Committee to take the responsibility of assenting to them, and the Committee, while presided over by a Minister representing shipping, did not include Ministers from the supply departments who were able to speak with the necessary authority.

THE NEW SUBMARINE CAMPAIGN

During the winter the Allies' blockade and the preceding failure of harvest in Germany, as we now know, almost brought the enemy to her knees. Germany found the greatest difficulty in persuading either her army or her civilian population to continue the struggle and suffered greater privations than at any other time of the war before or since. It was in this desperate position that she took her decision to abandon the previous restrictions on her submarine warfare and to sink without distinction and without warning. This at once radically changed the whole of the Allied shipping position. Throughout the two and a half years of the war the shortage of shipping due originally to the demand on shipping made for war purposes and aggravated only, not primarily caused, by submarine losses, had been extremely inconvenient but had not been a source of imminent and deadly peril. The tonnage of the world was not substantially less at the end of 1916 than in 1913. The tonnage at the disposal of the Allies was not very seriously less. Building was, indeed, far below losses by the end of 1916, but, even so, it is certain that, with losses as they were before the intensive submarine campaign began, the Allies could have continued the war indefinitely without

danger of any of their main efforts being nullified by shortage of ships. The situation was immediately and dramatically altered by the new form of warfare. The whole war effort of the Allies was soon threatened with disaster; and all the main European Allies were in imminent danger of starvation. If no successful answer had been found the whole course of the later military struggle, and probably the issue of the war itself, must have been profoundly different. It is fortunate, indeed, that the very gravity of the situation resulted, as we shall see, in a real chance being given to the system of convoy, which had already been tried on a small scale with some success and had been urged for many months by some of the ablest British naval officers as the real solution of the submarine problem. This system improved the position substantially in the fourth year, but in the third year, with which we are now dealing, it was still a hope of the future.

ALLOCATION OF SHIPPING IN 1917

It is perhaps worth while to look for a moment at the system of the control of supplies at this period from the particular angle and perhaps with the jaundiced eye of one responsible for requisitioning and allotting British tonnage to transport them. In France, in Belgium, in Salonica, in the Dardanelles, in Palestine, British soldiers were facing the enemy. Their transportation from England, from Australia, from Canada, from India required an average use of 70 ships. They required to be maintained, to be clothed, to be fed, to have new railways for their operations, timber for their trenches and their huts, medical attention for their invalids and wounded (335 ships). Behind them in England, in Canada, and in America, the raw materials of the industries which made their munitions and their clothes had to be imported (350 ships). At the same time the British Navy had to be supplemented by auxiliaries (100 ships); to be coaled, fueled, and supplied (300 ships). Meantime the Allies had corresponding needs for which their own ships did not suffice (500 ships). And all the time the home population required to be fed and supplied with other necessities of life (750 ships). By

this time every sea had been swept, every trade denuded, to obtain every possible ship. Communications with neutral countries had been broken ; the importing needs of coastal services of the Dominions restricted to a bare minimum. The distant trade of the country was reduced to a few vessels built for special work in confined seas, and unsuitable for general work ; some even of these had in the extremity been hazardingly pressed into service ; and there was still no margin. And all the importing departments and combatant services were crying out for more ships, each with the menace of an imminent breakdown which would be fatal to the continued prosecution of the war.

The ultimate needs of the scores of millions of individuals who required commodities needing transport were sifted many times through a series of sieves of smaller and smaller mesh, but never small enough, before they reached the executive point of requisition and allocation. The increasing prices did something to reduce demand. The big control departments, the Food and Munitions Ministries and the War Office, received the demands of their numberless branches, examined and pruned them down ; though always with the feeling that the other departments might reduce more drastically, always with the hope and the demand for more ships than could possibly in the event be given. The Ship Licensing Committee was (to a very limited extent) pruning off the most obviously unnecessary use of ships and thus making a few more available.

The Tonnage Priority Committee was examining the demands in more detail and contributing to the same end. Special committees, like the Imports Restriction Committee in January 1917, or the more important and more continuous Cabinet committees of the autumn of the same year, were forcing the departments to effect reductions and to distribute and impose these reductions on their subordinate organizations. The rationing of neutrals for blockade reasons ; the Board of Trade mechanism by which certain imports were prohibited altogether or only licensed within limits ; the diminishing purchasing power of the whole world and in some cases the absence or reduction of materials available for transport ; the ' bunker pressure ' on neutrals to do work useful to the Allies and so relieve the demands on their ships, were all

contributing to the same effect—to reduce the excessive demands made on the shipping department.

The total needs for tonnage were received by that department, handled and translated into terms of so many ships at given places and by given dates by the three executive branches (Naval, Military, and Commercial) and as such presented as indents on the Requisitioning Branch, which controlled the central pool and its allocation. And this indent in total always exceeded the total in the pool. So each week the heads of these four branches met in an unofficial committee for a final pruning of the total demand and a final arrangement of the current shipping programme. When the arrangement was effected, subject to the many modifications that even a week entailed, Requisitioning Branch did its best to dispose of the vessels which were still available for either requisition or change of service. A plan was always being constructed but never completed, for even while it was being framed the submarines would be busy, or a military emergency, or later statistics of food prospects and food requirements, or renewed pressure from some crippled industry, or a new complaint from a Dominion which found the ships of its coastal trade mysteriously spirited away, or the escape of a raider, or any one of a thousand incidents and accidents, would modify the perspective and require a change in allocation.

This from one particular angle was the system, elaborate, overlapping, conflicting, unsymmetrical, rather clumsy, rather chaotic, but growing with the need and in the result effective, by which British ships were allotted to their several tasks so long as the task remained primarily national.

ENTRY OF AMERICA

This same year, which witnessed the introduction both of the new submarine campaign and of the convoy system by which it was defeated, was also the year of America's entry into the war. This changed the whole character of the Allies' economic problem. Finance was at once displaced as the governing consideration in the Allies' policy. Henceforward the Alliance as a whole was practically self-sufficient. Money was only wanted within measurable limits for purchases from neutrals and money

for purchases within the Alliance could always be created by the votes of a Parliament or a Congress. Ships, however, could not, and henceforward the whole Allied economic supply programme began to be considered not in terms of what the Allies could afford to buy but in terms of what they could find tonnage to carry.

In the meantime America's entry did not in any way relieve the immediate shortage of tonnage. She had a considerable mercantile tonnage, about 1,500 ships at this date (about half of which were suitable for overseas trade); but they were engaged in apparently important work, and the American Government had as yet no system such as that which the war had developed in Great Britain for selecting, requisitioning, and forcing ships into immediate war employment. The whole American organization was still to be built. At the same time, while America's entry into the war brought no substantial new tonnage immediately available for war service, her military effort began very soon to increase the general strain on the tonnage of the world. In the event, this military effort developed to such dimensions and at such a pace, that great as were America's subsequent additions to war service, she never had as many ships in this service as those required to carry her own men and stores. Her entry into the war therefore immediately, and in one sense throughout the remainder of the war, made the Allied task of finding transport for their war stores more rather than less difficult.

After a two months' visit to America in June and July of this year the writer came back firmly convinced (1) that for a long-continued war America's shipping contribution would be decisive; (2) that her building resources were such as to make a building programme of 6,000,000 tons a year a practicable proposition, and that building of these dimensions, once attained, should be an effective counter to the submarine campaign on the rate of losses at that time; (3) that no alleviation of the Allied problem in shipping could be expected from American ships at any rate until the spring of 1918; (4) that it was of the utmost importance, therefore, that a renewed effort should be made to enforce such restrictions on the British imports as would give a margin for the now desperate needs of France and Italy, and that

for this purpose the continuous work of a committee with Cabinet authority was necessary ; and (5) that once this had been achieved, national action required to be supplemented by an Allied organization to deal with both shipping and supplies.

The general lines of the development which was to take place in the last year of the war were thus already beginning to shape themselves clearly.

THE SHIPBUILDING EFFORT OF 1917

The end of the third year was marked by one more event which had important results before the end of the war. A great effort was made to counter the losses by increased building. Little has so far been said about shipbuilding, for little was achieved in the first three years. Moreover, such action as was taken had little direct relation to the economic system detailed in this book. The results achieved were of course an important factor in the shipping position, but the organization through which they were secured was a separate one. It will be convenient, however, to preface the description of the renewed effort now made by a brief note as to the building position throughout the war.

Before the war Great Britain's supremacy was even greater in building than in the size of her mercantile marine. In 1913 British yards launched about 2,000,000 tons gross and the rest of the yards of the world about a million. In 1914 her total was still over 1,500,000. After that, however, the claims on men and material of the Army and munitions had the most serious effects. In 1915 the total fell to 660,000 tons and in 1916 to 630,000 tons.

By this time the losses were becoming serious and building seemed likely soon to cease altogether. In a general system of official control what is left to private enterprise fares badly. The prospect of requisition at Blue Book rates made the shipowner loath to order. The control of labour and of materials by Government departments who wanted both for other purposes made it difficult for the builder to execute even such orders as he received.

The responsibility for shipbuilding was entrusted at different

periods to the Ministry of Shipping, the Admiralty, and to an independent Controller-General with direct access to the Cabinet.

In spite of changes of organization and responsibility, however, a consistent and effective policy was pursued throughout the last two years of the war. Better supplies of steel were secured, workmen were withheld, or withdrawn, from the Army. Private yards were specialized, and a single yard, instead of building half a dozen types of vessel, concentrated upon one. Careful arrangements were made to adjust the supply of boilers and engines to the building of the ships requiring them, so that neither had to wait for the other. In 1917 the innumerable types of vessels previously built in British yards were limited. About 12 types were selected, and future vessels, known as 'Standard Ships', were built to these types. By the beginning of 1918 the number of standard ships was 42 per cent. of the total building, and by the end of the year it had reached 76 per cent. The same year saw a further important development in the establishment of national shipyards, which would have made important contributions to the output in 1919 if the war had continued.

The result of these measures was to increase the launchings from the 630,000 tons of 1916 to 1,229,000 in 1917, and 1,579,000 in 1918.

This was a notable improvement. The output, however, never reached the dimensions of the last peace year 1913. The priority given, and rightly given, on the situation as known at the time, to naval vessels, to the recruitment of the Army, and the supply in priority of both men and material to munitions, made the revival of building extremely difficult. The effort was much greater than the figures themselves would suggest because of the immensely increased work required for building vessels for the Navy and for repair work. Heavy repairs of merchant vessels in 1918 amounted to about 3,000,000 tons. It was better to repair a damaged ship than to build a new one.¹

The most notable and important effort at shipbuilding, however, was not Great Britain's but America's. Before the war shipbuilding in North America was almost insignificant, her out-

¹ The table printed on p. 363 shows the progress in British building in relation to losses throughout the war.

put in 1913 being only 276,000 tons as compared with Great Britain's 2,000,000. She had neither the plant nor the experience to enable increased building to be rapidly improvised. She was, however, in other respects in a particularly favourable position to develop her building resources when new ships were most required. She entered the war just when the intensive submarine campaign was at the height of its success and when merchant ships were the first necessity of the Allied cause. Her resources in men and materials were untouched and incomparable. She was the greatest steel-producing country in the world, and, though she had not devoted her efforts to shipbuilding, she had resources and experience in mechanical work which made it easier for her to turn to this new work, than it would have been for any other country. The European Allies had sacrificed everything in the earlier years of the war to what were then the predominant necessities, the recruiting of the Armies, the increase of the Navies, and the manufacture of munitions, and had committed their resources too far to render a big effort in shipbuilding possible. Now, in the fourth year, merchant ships ranked for the first time as equal and perhaps superior in importance. This presented an opportunity for a specific, appropriate, and decisive contribution by America. It was only in the following year, 1918, that the need for combatants again took an even more important place, and that it became clear that America's supreme contribution would after all be in men and not in ships. For the time, the case for an immense effort in shipbuilding was decisive.

America had in 1916 established a Shipping Board designed to assist the development of a mercantile marine for commercial purposes. This board was now entrusted with the very different task of meeting the immediate needs of the war. It created an Emergency Fleet Corporation charged with the special duty of ship construction and itself dealt with questions of general shipping policy. Unfortunately there was a serious delay before construction was begun on any large scale. The first chairman of the American Shipping Board was anxious to develop the building of wooden ships. The first general manager of the Fleet Corporation wished to concentrate on steel building. The dispute

ended with the removal of both officers. But in the meantime two very valuable months had been lost.

Once organization began, however, it was developed at a pace comparable with the development of munitions establishments by the European Allies. In April 1917, when America declared war, there were only 37 steel shipyards (with 162 slipways) and 24 wood shipyards (with 72 slipways). All these yards were full, 70 per cent. being engaged with naval orders and the remainder with ships on order by private merchants or Allied or Neutral Governments. By the Armistice there were 223 yards with 1,099 ways, of which 40 per cent. were for the building of steel ships. In 1913 America produced only 276,000 gross tons of merchant ships. Towards the end of 1918 she was producing 3,000,000 gross tons. In 1919 her total production equalled her programme of 6,000,000 tons d.w. (or about 4,000,000 tons gross).

These are the results, in the briefest summary, of an immense constructive effort, of which the full tale has just been told by the second chairman of the Shipping Board in the *New Mercantile Marine*. The reader will read in that book the incidents of this great effort; the '4 minutes campaign' to enrol labour; the foundation of the immense Hogg Island Yard, where a ship was launched ten months after the ground was first broken; of the invention of the 'fabricated' ship which was 'manufactured' instead of being 'built', its standardized parts being made in a hundred yards and 'assembled' only in the shipyard. The achievement was a wonderful example of the rapid adaptability of modern engineering skill in a country with ample resources in men and materials and an adequate incentive to rapid effort.

The rest of the world's building during the war, outside Great Britain and America, needs little mention. It averaged 600,000 tons a year.

SUMMARY OF THE FIRST THREE YEARS

So the third year ended in grave danger and under the most urgent necessity for a more complete and effective organization of control and restriction than had yet been achieved.

We have seen how the situation had throughout the whole three years become steadily and continuously worse.

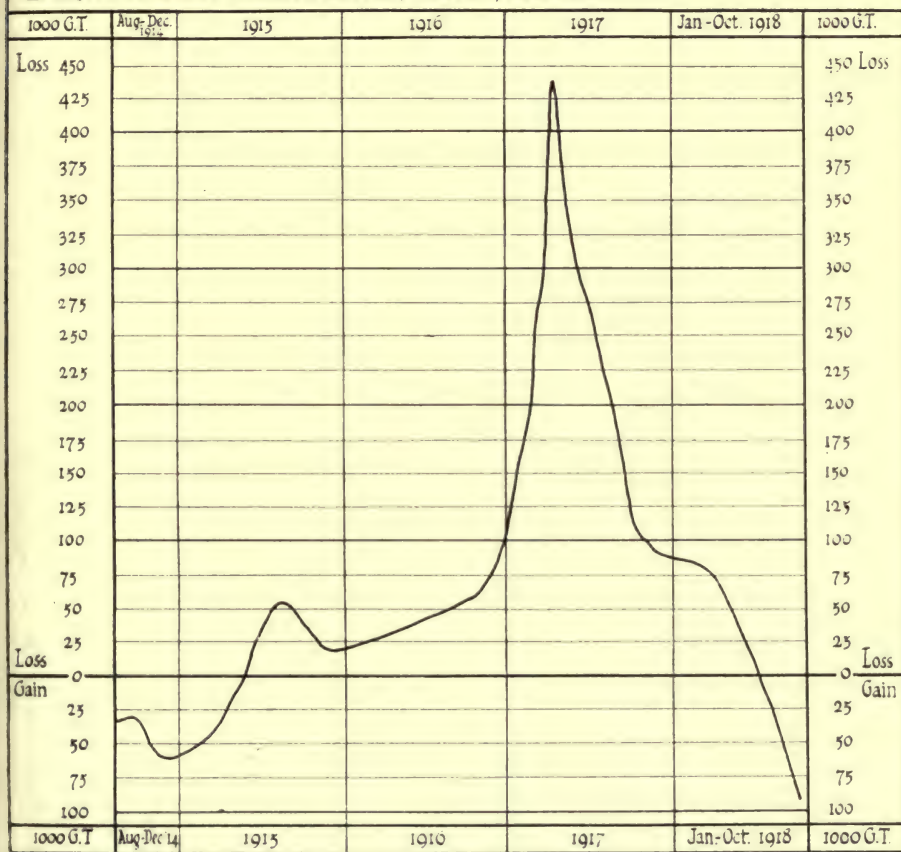
The first year had begun with a plethora of tonnage and ended with a merely relative scarcity. During that year the position never developed beyond the point of inconvenience. Freights were high and rising. The normal processes of commerce, through which the great bulk of the country's supplies continued to be imported, were disturbed both by the uncertainty of freights and interruptions by requisition. There was still, however, ample tonnage for all the Government requirements and all important civilian needs, though the operation of the freight market distinguished expensively and defectively between the important and the unimportant. The increase in rates due to this relative, not absolute, shortage was beginning by the end of this first year to become a real factor in the increased cost of living. Administrative difficulties were experienced both in requisitioning equally as between owners and wisely as between the different commercial services for which ships were needed. The main factors in this relative shortage of ships were first, the withdrawal of tonnage for war purposes and, second, the extra delays in port in loading and discharging; actual losses by submarine and raiders aggravated the shortage, but were not yet a main factor in it.

The second year of the war began with an inconvenient shortage of tonnage and ended with a position of serious difficulty. Government requirements and port delays were still the main causes, but the losses increased and were no longer met by the declining building output. They became by the end of the year a main factor in the position. The normal economic system, which even in the first year made its adjustments between supply and demand expensively and wastefully, now broke down in every direction. Government control was extended over the most important civilian supplies and was clearly foreshadowed for the rest.

The third year of the war began with a position of serious difficulty and ended with one of grave danger. The prospect in the latter half indeed was perhaps blacker than at any time of the war. Control was extended over practically all commodities; all ships, tramps, and liners alike, were brought under requisition. Restriction and economy were enforced in every direction.

Control, however, though wide in its range, was as yet incomplete in its organization. There was no adequate system for measuring the needs of one supply against another, of wheat against munitions; still less for measuring the relative needs of the different Allies. The immense losses under the intensive submarine campaign made every practicable measure seem inadequate. Towards the end, however, two avenues of hope were opened. America's entry offered the prospect of great though not immediate relief; and the convoy system reduced the losses.

CURVE SHOWING THE NET DIFFERENCE BETWEEN NEW CONSTRUCTION BROUGHT ON TO THE BRITISH REGISTERS AND BRITISH VESSELS LOST BY ENEMY ACTION (SUBMARINES, MINES, RAIDERS &c)



PART III

OTHER ELEMENTS IN BRITISH CONTROL

CHAPTER I

CONTROL OF COMMODITIES

The extent of Control. The order of its development. Food Control. The Wheat Executive. Munitions. War Office Controls. Board of Trade Controls.

WE have now followed in outline the growth of British national control of shipping during the first three years of the war. To be properly understood, however, it must be seen in the setting of the larger network of economic control of which it was a part. Throughout the same period a parallel organization was being developed for the control of commodities. There were constant interactions between the two systems, for, as we have seen, each extension of the requisitioning of ships normally followed as a consequence of an extension of control over some new class of imported commodities. Enveloping these two systems, designed to assist the supplies of Great Britain, was the blockade system designed to exclude those of the enemy, and incidentally involving the most serious consequences to the economic life of neutrals. Thirdly, as the main cause of the Allies economic problem, was the counter-blockade imposed by the enemy's submarine campaign. We must see something of each of these three systems if we are to understand either the national organization already sketched or the new Allied organization which developed in the last year of the war, and is described in Part IV of this book. Lastly, the motive of economy, the desire to reduce costs and profits, was so important a factor in the whole development that it will be well to devote a special chapter to this subject.

The present chapter I therefore gives a slight sketch of the control of commodities in Great Britain; Chapter II, of the blockade

and the relations with neutrals which it involved; Chapter III, of the part played by freights and profits; and Chapter IV, of the struggle at sea.

CONTROL OF COMMODITIES

Under the special conditions of the war, as we have seen, the normal contest of the individualist and the Socialist was suspended. The need for control, under the novel and imperative necessities of the time, gradually became too patent for reasonable dispute. In one sphere after another the departments were compelled by force of circumstances, and sometimes with obvious reluctance, either to make private enterprise the controlled servant of the State or to replace it. Ultimately the manufacturers of the country were nearly all dependent for their materials and their labour upon official allocation; their profits and their prices were limited by official regulation; and over 90 per cent. of the imported supplies of the country were bought, transported, and distributed under official arrangements. It is impossible to describe the immense and complex system which thus extended its hold over the whole economic life of the country. This system was, however, the basis and origin of the subsequent Allied organization. We must, therefore, glance at a few of the features in it which are, from our point of view, of the chief importance.

Food claimed attention first. But action began modestly with sugar and frozen meat, and after the immediate measures taken in these two cases in August 1914, there was a long pause, with no important development for two years. It was only in the last two years of the war that the main food supplies caused really grave anxiety, and it was only then that official control became comprehensive and complete. In the first two years it was the direct requirements of the combatant forces that claimed attention. The main system, therefore, developed out of the need of munitions and Army supplies, and was built up by the Ministry of Munitions and the War Office. Last, and least complete, were the measures taken by the Board of Trade to limit the prices, and to determine the distribution, of the materials required mainly for civilian purposes.

FOOD CONTROL

The first important commodity which necessitated Government action was sugar. Of 2,200,000 tons of sugar imported in 1913, about 1,800,000, or over three-quarters, were derived from Germany and Austria-Hungary. There was clearly, therefore, an imminent danger of a serious shortage in one of the most important foodstuffs. The Government acted promptly, and made large purchases within the first fortnight of the war. On August 20, 1914, they appointed the Royal Commission on Sugar Supplies to purchase, sell, and control sugar for the Government. This Commission successfully maintained a reasonably adequate supply of sugar throughout the war. It made good the loss of German and Austrian sugar by purchases from the West Indies, Cuba, and Java, and it arranged distribution throughout the trade. At first it proved sufficient merely to instruct the retailer to sell at a certain price, under penalty of withholding supplies in case of disobedience. Later, however, more drastic measures became necessary, and the distributing trade became in effect the agents of the Government, selling on public account at a fixed rate of profit. The shortage of transport, of course, compelled the rationing of sugar and the reduction of actual consumption to considerably less than the normal consumption of peace time. But the ration never fell below eight ounces per person a week; that is, in all the difficulties of the war, it never fell to so low a figure as the six ounces found necessary for a short time after the war had ended. The Sugar Commission was in 1917 brought under the general authority of the Food Controller, but was never incorporated within the actual machine of the Ministry of Food. Rationing was indeed carried out by the Ministry and not by the Commission. But for the rest the work of controlling sugar, like the later work of controlling wheat, was throughout carried out under the orders of a committee mainly composed of experts from the trade. As early as February 1915, the sugar bought by the Commission was transported in British ships requisitioned at Blue Book rates by the Transport Department.

At the beginning of the war also the Board of Trade, at the request of the War Office, purchased the supplies of frozen meat required for the Army, and requisitioned insulated space in liners

for its transport. This involved a responsibility also for the civilian supplies of frozen meat, but no action was taken till much later in the war with regard to fresh meat.

Control of wheat began later, and was tentative and cautious in its development. Unlike sugar, wheat was partly produced at home, and the balance was normally drawn not from enemy countries but from the rest of the world, whose supplies were still open to the United Kingdom, in so far as transport could be provided. The Government did indeed purchase a small amount of wheat designed to serve as a reserve stock. The conditions of its purchase were, however, carefully arranged so as not to disturb the ordinary purchase and importation of wheat under commercial conditions for normal current consumption. Importation by private enterprise continued in operation, and on the whole successfully, though at increasing prices, until the latter part of 1915. By this time, as elsewhere explained, transport became a serious difficulty, and the merchants were given special assistance in chartering freight. A year later difficulties of supply and increased difficulties of shipping rendered these half measures inadequate, and the complete control of purchase, importation, and distribution, on similar principles to those already in force for sugar, was undertaken by the Government through the Royal Commission on Wheat Supplies. This Commission continued throughout the war to exercise over wheat, and later over all other cereals, the same kind of control as that in force for sugar. The task was in this case, of course, much more complex, firstly because the supply came partly from home sources, and was therefore much more difficult to ascertain and control, and secondly because of the greater importance, quantity, and variety of cereals.

The appointment of the Commission was almost immediately followed by a further development of the utmost importance. A Committee, called the Wheat Executive, including representatives of France and Italy as well as Great Britain, was formed to arrange for the wheat supplies of all countries to be bought together and allotted by agreement. This Committee, which was extremely successful, was the model of the whole of the subsequent Allied organization. The advantages of co-operation were at once apparent. They were indeed so great that

by the end of the war the Wheat Executive was arranging the supplies not only of the Allies but of a large proportion of neutral countries. Combined purchase avoided competition between the largest buyers in the market and restrained the rise in prices. Other economies were effected. We may mention one of special importance to shipping. The American wheat supplies were not enough for the Allied needs, and large quantities had to be drawn from Australia. To France, Italy, and Great Britain alike North America is, of course, the nearest source. Each country desiring to economize in transport therefore had an interest in getting American wheat. But Australia is nearer to Italy than to France and Great Britain, and North America is nearer to Great Britain and France than to Italy. To exchange an Italian cargo in North America for a British cargo in Australia thus meant a saving of 2,000 miles of steaming. Italy, therefore, by agreement, drew more from Australia and less from America. She was compensated with extra ships, and the net saving was to the advantage of all three countries. It was no longer a common thing for empty Italian ships going westward for American wheat and empty British ships going eastward for Australian wheat to pass each other in the Straits of Gibraltar or the Mediterranean.

In December 1916 the Ministry of Food was created and in the following year food control in Great Britain extended from the comparatively simple task of purchase to the infinitely more intricate work of distribution. Sugar was rigorously rationed to the individual, meat to the retailer. Wheat was saved by milling regulations which resulted in a more economical and less palatable loaf. Distribution was controlled through the 100,000 retail shops. It included not only bread, meat, and sugar, but a host of articles of other subsidiary foodstuffs. The whole supplies of the country were supervised through Food Commissioners in sixteen large administrative divisions, and through Food Committees in every borough, urban, and rural district.

In the same year the external arrangements were also placed on an official basis. The Australian and Indian Governments already sold as Governments, and made their own internal arrangements with the individual producers. But the Allies had hitherto still dealt with the private trade in Central and North

America. In June 1917, however, a Canadian Food Controller was appointed, and in August the American Food Controller obtained power to fix prices. Henceforth wheat was bought from North America, Australia, India, and Canada on the basis of bulk agreements between Allied Governments. The Argentine was the only producing country of the first importance left outside the central system of official control.

The success of the Wheat Executive led to an extension in Allied co-operation. Its own sphere was widened to include all cereals as well as wheat; the Sugar Commission purchased in consultation with the authorities in France and Italy; new Allied Executives were formed for meats and fats, and for oil seeds.

By the end of 1917, however, the Wheat Executive was the only one of these Committees which was in full and effective working, and in every case the shipping required was arranged independently by each importing Government.

MUNITIONS CONTROL

The Ministry of Munitions, created in June 1915, gradually brought under its authority the manufacture of munitions throughout the country, establishing its own factories and controlling in the most rigorous detail the manufacture in private factories. For the latter purpose an elaborate system of 'costing' was devised, i. e. a system of ascertaining the exact cost of each operation under different conditions of manufacture. The price of the finished article was then limited to this cost plus an addition which gave a sufficient margin of variable profit to offer an inducement to rapidity of output. The Ministry also gradually took into its own hands, through numerous intermediary stages and by many methods, the purchase, import, and distribution of the raw materials, covering practically all the metal imports of the country required for the manufacture of munitions.

When war was declared a few guns and rifles were being made at Woolwich and Enfield, and a few explosives at the Royal Powder Factory. But even the small army then contemplated was dependent upon private manufacture, and neither public nor private factories could cope with more than the smallest fraction of the new requirements.

Before the end of the war the Ministry of Munitions had brought the whole under public control. We have here, however, no space to do more than glance at the main principles and motives of this Ministry.

For this purpose the action taken with regard to steel, the basis of the great mass of munitions, will serve as well as any. Here, as elsewhere, action was first forced by the desire to limit prices. The War Office were buying for Woolwich and Enfield and the Army repair shops, private firms were buying for both public and private work. The American market was being demoralized by the competitive purchases of British armament firms. The Ministry at once fixed a maximum price for shell steel. This quickly compelled further action, for the price of 'commercial steel' rose higher, and manufacturers began to concentrate on it. This was necessarily at the expense of shell steel, and prices had therefore to be fixed for all classes of steel alike.

The Ministry were next compelled to arrange the distribution of the steel available among the many factories and departments who needed it; for once prices were fixed, nothing but deliberate allotment could decide who was to get the steel available. Soon, as the costs of labour, freight, and ore all rose, the fixed prices failed to give a profit to the manufacturer. The Ministry could of course have raised the prices, but in the meantime they had arranged innumerable contracts with manufacturers, to whom steel was a raw material, on the basis of these prices, and were anxious not to disturb them. They preferred, therefore, in most instances a system of increasing subsidies, some direct and some indirect. Economies in the freight of ores were secured by centralizing the chartering, and any excess above a certain amount was repaid; the price of the coke required by the manufacturers was limited. Thus an intricate and artificial system of subsidies was built up round the fixed prices, until it became exceedingly difficult to determine the real cost of the steel. This elaborate system, however, achieved its main object, and, with variations, was continued throughout the war. In the meantime, an effective priority organization had been built up to secure that steel went where it was most needed, and arrangements were made to secure co-operation with the Allies.

With an infinite variety of method, the Ministry extended a similar control over all the raw materials required for munitions, over the metals, both ferrous and non-ferrous, and over the chemicals required for explosives. But the varying difficulties experienced, and the different expedients adopted for steel and iron, ores, copper, zinc and spelter, lead, tin, platinum, aluminium, oils, nitrates, coal tar, &c., cannot be here described. And the control of the actual manufacture in 'controlled establishments' and in national factories is even further from our theme.

Control of metals, as well as control of food, was in 1917 practically complete. The two new supply Ministries, the Ministry of Munitions and the Ministry of Food, ultimately included within the sphere of their direct authority 70 per cent. of the imports of the country.

WAR OFFICE CONTROLS

In the meantime, very similar measures were being applied by the War Office to the great bulk of the raw materials not dealt with by the Ministry of Munitions. Wool, flax, jute, hides, and leather were all required in enormous quantities for military purposes. Purchase under competitive conditions through the channels of the trade would not only have involved great expense to the taxpayer, but would have made it almost impossible to conclude firm contracts of any kind with the manufacturers. No satisfactory contract could be made with a manufacturer of Army uniforms, boots, or tents, if he could not know within even wide limits what he would have to pay for his wool, his leather, or his flax. The War Office therefore purchased the raw material on behalf of the Government. To do this successfully, however, it was necessary to have the monopoly of purchase, so as to escape the competition of private national merchants. Having acquired this monopoly, the responsibility for supplying the trade for civilian consumption was necessarily thrown upon the Government. The War Office could have escaped this responsibility with comparative ease by reselling to the trade such supplies as they did not want for their own use. But since the supplies so available would have been less than the full civilian demand, the prices for civilian clothing, boots, &c., would have risen; and

some districts and classes of the population would have been unable to secure their barest necessities. The department therefore assumed full responsibility for supervising in detail the supplies of the whole country. In this work they used the costing system, and developed and extended it. The price at which the raw material was supplied to the manufacturer, and the prices fixed for the sale of the manufactured article by him to the retailer, and by the retailer to the public, were all so arranged as to give a reasonable but practically fixed profit. In effect, over a large area of industry, both the manufacturing and the distributing trades, whilst still working under their normal processes, were converted into agents of the Government, selling on Government account on the basis of commissions.

The imported supplies so controlled by the War Office (wool, flax, jute, hemp, hides, and leather) ultimately amounted to about 10 per cent. of the total imports of the country.

BOARD OF TRADE CONTROLS

Meantime, though much more cautiously and much less completely, the Board of Trade was establishing various forms of regulation and control over nearly all the remaining imports. In general this department was left with a kind of residuary responsibility for such articles as were not of the most essential character for the immediate purposes of the war or the actual maintenance of the life of the civilian population. It followed not unnaturally, therefore, that the control in these cases proceeded more slowly, was less complete in character, and was more commercial in method. Various forms of control were ultimately established under the general supervision of the Board of Trade for timber (under a Timber Controller), for tobacco, for cotton (under a committee formed from the trade at Liverpool), and for paper and pulp (under a Paper Controller). These commodities amounted to 15 per cent. of the total imports, and as certain articles came under control of the Admiralty, well over 90 per cent. of the total imports were finally brought under the control of five large departments.

We thus see the whole economic system of the country under an official control, which varied both in method and in character,

but on the whole was surprisingly complete and effective. First the National Government and then the Allies together became the single purchaser of supplies imported from neutral countries. They bought the produce of Dominions and Allies direct from the Governments, or at prices fixed by them, and they requisitioned at fixed prices the produce of their own countries. They distributed both imported and home supplies under a rationing system which in some cases took the manufacturers as the unit, in others the retailer, and in others the individual consumer. Distribution was most difficult where the home produce was an important part of the supply; acquisition was most difficult where the supply depended on neutral sources. In the former case all arrangements had to be made with a margin for error in estimates and inequality in allocation. In the latter the efficacy of concentrated purchase was assisted by every resource available; by the control of shipping and of bunker stations; by the conditional supply of other commodities required by the producing countries; by diplomatic and political pressure; and by official agreements both with Governments and private associations of merchants.

This comprehensive control of commodities by each of the Allied Governments was the complement of their control of shipping, and both were required as the indispensable conditions of the joint Allied control which developed from them.

CHAPTER II

THE BLOCKADE. NEUTRAL SHIPPING

The Blockade. Declaration of London. The tightening up of the Blockade. The Reprisals Order of March 1915. The Rationing Policy. The Ministry of Blockade. The effect of America's entry.

Neutral Shipping. Its importance. General Allied policy to neutrals. 'Bunker Control.' The Chartering Committee. Shipping Agreements. The Norwegian Coal Arrangement. Requisition. The Law of Angary. Neutral Tonnage at the Armistice and its employment.

THE complement to the measures to ensure and make the best use of Allied supplies was the blockade system, which simultaneously restricted those of the enemy.

In this as in every other sphere the arrangements made during peace were based on a conception of war as a struggle between military forces and not between whole populations. The first efforts at restriction encountered the most serious difficulties—legal, diplomatic, and administrative—which resulted from this conception.

The recognized rules of maritime blockade in 1914 were those contained in the Declaration of London, which was signed by Great Britain in 1909 but never ratified. These rules distinguished between 'absolute contraband', which consisted of articles only useful for military purposes; 'conditional contraband', which consisted of those which had both military and civil uses, and 'non-contraband', which consisted of those regarded as primarily required for civil use. The first alone could be effectively stopped in all circumstances; the second only if consigned to an enemy destination; the third could not be stopped at all.

Under these rules the blockade would in effect have been limited to preventing the import of finished munitions. 'Conditional contraband' could have flowed freely into Germany through the contiguous neutrals; and many of the most important of her military needs (rubber, hides, cotton, wool, and metallic

ores) would have gone direct and without interference. The blockade would have been entirely ineffective and would not have been worth its expense. It gradually became apparent that the distinctions in the Declaration were inapplicable to a war in which the whole effort of the combatant nations was engaged. 'In this war', as Ludendorff has said, 'it was impossible to distinguish where the sphere of the army and navy began and that of the people ended.' First raw materials and then food were, therefore, brought within the orbit of the blockade, and by 1916 all distinction as to use or intermediate destination had practically disappeared.

This was, however, a difficult and dangerous process. The importance of the rules (which had never been ratified by Great Britain, and therefore could be and were modified and abrogated) consisted in the claims based on them by neutral countries, by Sweden, Norway, Denmark, and Holland, who could offer transit to Germany, and by America, whose supply of munitions and other commodities was vital to the Allies.

Immediately on the outbreak of war an Examination Service was established at Kirkwall, the Downs, Port Said, and Gibraltar, and the North Sea between the Orkneys and Norway was patrolled. Merchant vessels were brought into port and examined there, for boarding and search at sea were rendered dangerous by submarines, and officers afloat could not be kept adequately informed of the intricate developments in policy. The Examining Officers in the ports acted under direct, and constantly more stringent, orders from London as to the vessels and cargoes which they were to seize or release. In London the work of translating the developing policy into detailed rules and orders was undertaken by a Contraband Committee representing the Admiralty and the Foreign Office.

Naval seizure and search was, however, only one, and in time perhaps not the most important instrument, of the blockade. Throughout the war the Foreign Office were supplementing it by elaborate and very effective agreements with neutral countries, by which, in return for permission to import themselves, they undertook to control export to Germany. There was throughout competitive pressure on the contiguous northern neutrals by

Germany, who could threaten to invade them, and by the Allies who could withhold many vital supplies. In this competition the balance inclined gradually on the side of the Allies, and the Allied agreements became more and more complete. It was nearly a year, however, before the blockade became really effective. In the early months supplies of all kinds, except finished munitions, flowed abundantly into Germany. Merchants had learnt how to send 'conditional contraband' through the contiguous neutrals. The diplomatic position, both with these neutrals and America, was making more drastic action difficult; but it was evident that without it the blockade might almost as well be abandoned.

THE 'RATIONING' SYSTEM

Germany's declaration, however, that after February 1915 she would instruct her submarines to attack all merchant vessels in British waters, created an outburst of indignation in neutral countries, which Great Britain at once used to make the blockade comprehensive. In the Reprisals Order of March 11, 1915, she announced her intention to stop all goods of enemy origin or destination, and proceeded henceforth to stop supplies intended for Germany, without regard to the distinction of the earlier contraband rules or to the fact that the supplies might be consigned through a neutral port. Even this, however, was not enough. It was useless to prohibit every cargo of food destined for Germany, whether sent through contiguous neutral countries or not, if these neutral countries could themselves import freely for their own uses, and with the sufficiency so obtained, export their own produce to Germany by routes which the Allies could not control. This was the reason for the 'rationing' policy, which was begun in 1915, and subsequently became the central feature in the whole blockade system. Detailed statistics were compiled as to the pre-war imports and consumption of all the neutral countries which had uncontrolled access to Germany; and only enough war imports were allowed to give a bare sufficiency for internal consumption. The neutral countries were therefore compelled to adopt internal rationing measures, so that the system of official control extended over almost the whole world—neutral and belligerent alike. The actual privations of some of the neutrals

were indeed much more serious than those in Allied countries, no doubt partly because their export prohibitions were not sufficient to prevent supplies slipping across the border under the attraction of very high profits.

In January 1916 the Ministry of Blockade was formed and the whole system rapidly extended and made more stringent; a few months later the last relics of the Declaration of London were formally abandoned.

In the same year one further method of restriction was employed, the purchase of supplies which would otherwise have reached the enemy. The Norwegian catch of fish was bought, and one of Germany's best substitutes for meat thus taken from her. In August the pressure of Germany's food shortage became much more severe through the entry of Roumania into the war. Germany had obtained large quantities of wheat from Roumania in 1915, and now that these were cut off, she took immediate steps to recover them by invasion. Roumania was crushed five months afterwards. This was too late to help Germany in the winter of 1916-17, when her privations almost forced her to admit defeat. She just survived and avenged her sufferings by the new unrestricted submarine warfare of the following spring. For the next year Roumania's supplies were available to her, and in the winter of 1917-18 she suffered much less than in the previous year. Meantime America entered the war; the diplomatic difficulties of the blockade practically ceased, and the administrative task was greatly facilitated. Prohibition of export from America and the certification of cargoes before they were shipped at once lightened the task of examination and reduced the losses and difficulties of the legitimate merchant. The agreements with the northern neutrals were made much more drastic with the aid of new pressure which America could bring to bear, and the blockade became not only comprehensive in its scope but complete in its operation. The result was that, even with the aid of Roumanian supplies, Germany was by the autumn of 1918 again forced into a position comparable with that of two years before. Their privations made the whole civilian population long for peace more than victory, and at this moment victory seemed less than ever likely, for the successes of the spring had been followed

by the overwhelming defeats of the summer and autumn. In what precise proportions privations at home and defeat in the field contributed to the acceptance of the Armistice cannot be stated. But the blockade may justly claim to have shortened, if not to have won, the war. It succeeded at the moment when the counter-blockade by the submarine had just definitely failed.

NEUTRAL SHIPPING

It is with the conditions of the blockade in mind that we must consider the arrangements made by the Allies to secure the assistance of neutral shipping for the importation of their supplies.

Neutral shipping has always been a considerable factor in the supplies of Europe. About a third of the British imports were in fact normally brought in neutral bottoms before the war. The Norwegian, Danish, and Swedish mercantile marines were both before and during the war of special importance. They were vital for the carriage of iron ore from Spain and Norway, of coal from England to France, and were very useful for general overseas work, including the importation of wheat, &c., from America. As the war proceeded it became more necessary and more difficult to obtain their services, and the methods adopted by the Allies are interesting examples of administrative resources in the face of a difficult economic and political problem. The direct method of requisition which Allied countries were able to apply to their own vessels could not be used. In the early part of the war, therefore, the Allies were forced to charter neutral tonnage in the open market at competitive rates which their own necessities were continually driving up. Neutral shipowners with exemption from the belligerents' liability to requisition, and charged with none of the expense of clearing and protecting the high seas, reaped an extravagantly rich harvest from the German submarine campaign. Extra costs of running and the extra cost of insurance against war risks were either explicitly placed as an additional charge upon the charterer or became an almost negligible item in the increased rates of hire. After a time the strain became more than the Allies' finance could bear. They began therefore to consider whether they could not make use of their other economic resources,

beyond the mere power of their purse, to help them in their bargains. They proceeded with this new policy in various forms.

It is important, in order to see their policy in a proper perspective, that, before considering these various methods of persuasion or compulsion, we should have clearly in mind the general facts of the situation.

Neutral shipowners who before the war were, like other shipowners, faced with a prospect of low freights for at least 1914 and 1915, made instead unprecedented and exorbitant profits wholly as the result of the war, of which the cost both in money and in life fell upon the Allies, and was possible only through the defence of the seas by the Allies' forces. And these profits were made mainly from the Allies themselves.

The Germans finally used the physical force which they possessed in their submarines and mines to destroy tonnage without regard for the rights of neutrals, for international law, for the lives of neutral seamen or the property of neutral shipowners. They sank without warning, often without making any attempt to save the lives of crews or passengers, without observing the limits of their own arbitrarily determined war zone and without compensation either to the owners of the property they destroyed or to the dependents of the seamen they killed.

In contrast with this, the naval strength of the Allies was used in such a way as not to endanger neutral tonnage, and was indeed directly devoted to clearing the seas and to rendering them safe. Throughout the war the Allies had complete command of the seas of the world, and they could, as far as physical force was concerned, have seized neutral tonnage and devoted it to their own use. They could have urged more justification than the Germans, because their action would have been undertaken after, and as a result of, the more drastic action of the enemy and also because they would not have endangered the lives of the seamen, or destroyed the property of the shipowners, nor even have deprived them of a reasonable remuneration.

In fact, however, the Allies only proceeded slowly from free charter to pressure, and from pressure to a very modified and restricted form of compulsion. Neutral ships were never seized on the high seas and put to Allied use, and the most extreme step

that was taken was to requisition certain neutral tonnage in Allied ports and use it, with ample compensation to the owner. It was true that this was without their consent, but the consent was probably sometimes withheld more because of their countries' desire not to offend the German Government, than through the shipowner's unwillingness to let his vessels.

This, however, is to anticipate. In the period with which we are for the moment dealing, a period prior to the intensive submarine campaign, no such extreme measures were taken or contemplated.

The first important method by which the economic resources of the Allies were used to supplement mere chartering was to attach conditions to the supply of bunkers from bunker stations.

Great Britain and her Allies controlled the main sources of supply of bunker coal in Europe and the Middle East, and the main bunker depots on most of the great trade routes of the world. This provided a most effective instrument by which to induce neutral owners to allot their tonnage to work that was in the interests of the Allies, as the following short statement of the world's sources of supply and the principal coaling depots will show.

A. *Europe*. The British Isles represented practically the only source of supply during the war, the amount of Westphalian coal finding its way whether from Germany or Rotterdam being negligible.

B. *Africa and Australasia*. Durban, South Australia, New Zealand, Newcastle (N.S.W.), and Freemantle.

D. *India*. Calcutta.

E. *Far East*. North China and Japan.

F. *America*. Pacific Coast; British Columbia and Chili; Atlantic Coast: New York, Baltimore, Virginia, and Pensacola.

The areas from which coal was obtained were thus under British control with two exceptions, the Far East and the American continent.

A consideration of the principal coaling depots of the world shows a similar result.

A. On the main route from northern Europe via the Suez Canal to the East, there are Gibraltar, Oran, Algiers, Malta, Port Said, Aden and Perim, Colombo, Sumatra, Hong Kong, and

Batavia. All these, with two unimportant exceptions, were under Allied control.

B. For the East Atlantic, there are Cape Town, Dakar, St. Vincent, Canaries (Spain), Madeira, and Lisbon. All these drew their supplies from Allied sources, and all, with the exception of the Canaries, were under Allied control. There were thus left only two main areas in which effective control could not be exercised through bunker pressure, that is, the American waters and Japanese waters. The danger that European neutral tonnage would escape from Allied pressure by seeking trade there was not a serious one, as both routes were during this period well supplied with tonnage.

Pressure was therefore applied to induce neutral vessels to accept employment useful to the Allies by making this a condition of their supply with bunker coal. The actual administrative arrangements, which were made through the Admiralty (Trade Division), though in close liaison with the Transport Department, took various forms. Vessels suitable for North Sea and Channel work were required, for example, to complete two voyages of certain specified kinds as a condition of receiving the bunkers for those two voyages and a third, which might be any the owner wished so long as it did not profit the enemy.

In 1916 the constant rise in the freights for pit-wood and Narvik ore from Scandinavia was met by a similar use of the British coal monopoly in relation to domestic needs of coal. Scandinavia depends very largely upon the United Kingdom for her coal supply, and a rule was made that all vessels loading in the United Kingdom for Scandinavia should return with cargo, unless furnished with a certificate of exemption. The effect of this regulation was an immediate fall of 30 to 40 per cent. in the rates and an increase in the importations of iron ore from Narvik.

The neutral ship which had once given her undertaking and obtained her coal was carefully watched by the Shipping Intelligence Section, and, if she broke her engagement, was at once reported, with the result that she was refused bunkers for a sufficient time to prevent similar breaches of obligation in future.

CENTRAL CHARTERING

Useful, however, as the above methods were, they were normally and mainly used only to supplement and assist the ordinary process of chartering neutral tonnage in the open market. In this process itself one important development of Allied organization proved necessary, and was efficiently achieved. In the early part of the war the Allies were not only competing for neutral tonnage with the rest of the world, but were competing among themselves as well. Finally, however, in 1916, the Chartering Committee, with representatives of Great Britain, France, and Italy, was formed, and henceforward went as a single competitor into the market. The immediate effect was to arrest what was at the time a rapidly increasing freight rate, and even when the pressure upon tonnage became seriously greater, the system undoubtedly retarded and reduced the rate of increase. New methods were required in 1917 to bring neutral ships within the net of the Chartering Committee. It is important to notice the limits of control by 'bunker pressure'. The monopoly of bunkers, without which ships cannot move, is a very effective instrument for determining what cargoes ships which desire to sail shall carry. It is of no power whatever to compel ships which do not want to move to do so. And one of the first and most dangerous results of the intensive submarine campaign in 1917 was to make many neutral shipowners prefer to lay their ships up in their home ports rather than run the new and more formidable risks. Against this policy, which would have been disastrous to the Allied cause, further measures had to be adopted. The economic bargaining resources of the Allies in their wheat and raw materials had to be more fully used.

Bargaining of this kind involved dealing with Governments, and not with individual shipowners. In the third and fourth years of the war therefore we find the Allied Governments making shipping agreements with the northern neutrals for the acquisition of larger blocks of their tonnage. Concessions in the blockade system, under which the countries contiguous to Germany were themselves rationed, were used as factors in the bargain, together with every form of economic or political pressure available.

A particularly interesting example is the arrangement made by

Great Britain to organize the whole coal imports of Norway, both the supply of the coal from Great Britain and its transport to the necessary ports, in return for Norwegian shipping. By such methods, and with the further inducements of high rates, important blocks of tonnage were obtained from Norway, Denmark, and Sweden, though in some instances the condition was made that the shipping should not be used in the war zone.

As the submarine campaign developed, however, even these measures proved insufficient. Some of the neutral Governments were reluctant to incur the hostility of their powerful neighbour by voluntary agreements. The Allies therefore resorted finally to compulsion. Great Britain maintained her neutral traffic by 'refusing clearance' to neutral vessels in her ports (i.e. preventing them from leaving) except on a 'ship for ship' principle—i.e. a given number of vessels of a particular country were allowed to leave only when an equal number arrived. Early in 1917 a useful discovery of a principle in international law was taken as the justification of further action. The so-called 'Law of Angary' was held to justify the seizure by a country at war of any property in its territory whether the owner was a national or a neutral. It was first used to obtain a number of Danish ships and then the whole surplus of the Norwegian mercantile marine, after negotiations with the owners and with arrangements for adequate compensation. It was later used for the compulsory requisitioning, without either the explicit or tacit consent of either owners or Government, of a large quantity of Dutch shipping which had long lain idle in American and British ports, America obtaining in this way the use of some half-million tons and Great Britain about half as much. Ample rates of hire were of course paid, and it may be doubted whether the neutral owners, who found an unremunerative property suddenly very lucrative, nor even the neutral Government, who could plead *force majeure*, regretted very deeply that the Allies took by force the vessels which they could not voluntarily charter.

The importance and the success of the Allied negotiations with the neutrals can best be shown by statements showing the amount of tonnage owned by each of them, and the way the whole tonnage was employed at the time of the Armistice.

ELEMENTS IN BRITISH CONTROL

NEUTRAL TONNAGE AT THE ARMISTICE

EMPLOYMENT OF NEUTRAL TONNAGE AT THE ARMISTICE (OVER 500 TONS)

	<i>Ships.</i>	<i>Gross Tonnage.</i>
In import service of Allies	590	1,175,000
In military service of Allies	50	86,000
In import or other service of neutrals	879	2,053,000
Repairing or laid up	302	702,000

Of the above tonnage, 179 ships of 306,000 gross tonnage were in the pool of neutral tonnage chartered by the Inter-Allied Chartering Committee, and employed under directions issued under the authority of the Allied Maritime Transport Council.

It will be seen that 38 per cent. of the neutral tonnage of over 500 gross tons, excluding what was under repair or laid up, was in the service of the Allies, and 62 per cent. in the service of the neutrals themselves.

The above statistics, however, only include chartered neutral tonnage, which continued to fly neutral flags. In addition about 330,000 gross tons of requisitioned neutral tonnage sailed under the American flag, and about 270,000 tons under the British and French flags. This tonnage was treated as Allied tonnage and it is not possible therefore to distinguish it for the purpose of classifying its employment and adding it to the above table. It will be seen that, with this additional quantity, about half of the entire neutral tonnage of the world was in the direct service of the Allies. This supplement was of vital importance during the last critical year of the war.

CHAPTER III

FREIGHTS AND PROFITS ¹

High Freights the Origin of Control. The Responsibility for High Freights : not the Shipowners'. The Difficulties of Controlling Freights and Profits. The Government ('Blue Book') rates moderate. Alternative methods of limiting profits. Their defects. The ultimate solution. Control of Shipping combined with control of commodities. Pre-war Profits. War Profits. Aggravating Factors.

DURING the last two years of the war shortage of shipping became much more important than shortage of money. The extension of requisition, and other forms of control left only a small part of the Allies' transport to be obtained by competition in an open market. The main effort of the Allies, without regard to other considerations, was to carry only the most essential articles, and to obtain the last ounce of importing capacity out of their ships. Rates and cost ceased to be a primary and dominant consideration. Looking back from after the war it is thus difficult to realize that throughout the whole period in which the control organizations were being built up the dominant and impelling motive was economy. It was this which gradually induced one supply department after the other, the War Office, the Ministry of Munitions, the Ministry of Food, to control home manufacturers and merchants, to centralize their purchases and buy on Government account, and, as a natural consequence, to ask for Government tonnage obtained by requisition at Blue Book rates. The commodity controls, first over sugar and wheat, and then over grain, wool, flax, hides, and timber, over metals and all the main raw materials of the country, were forced into existence by the necessity for limiting and controlling prices. This was a main object both in beginning requisition in 1914 and in extending it to secure transport for each new class of supplies purchased by the supply departments. It was also the main factor in forcing the final step in 1917 of extending requisition over the whole of the British mercantile marine. The speech of Mr. Lloyd George when he became Prime Minister at the end of 1916, indicates the position very clearly (December 1916).

¹ It is fair that, in considering the shipping profits of the war period (with which alone this chapter deals) the reader should bear in mind the fact that serious losses have been sustained in 1920-21. J. A. S.

‘ It (shipping) has never been so vital to the life of the country as it is at present, during the war. It is the jugular vein, which, if severed, will destroy the life of the nation, and the Government feel that the time has come for taking over more complete control of all the ships of this country and placing them in practically the same position as are the railways of the country at the present moment ; so that during the war shipping will be nationalized in the real sense of the term. The prodigious profits made out of freights are contributing in no small measure to the high cost of commodities, and I have always found not only that, but that they are making it difficult for us in our task with Labour.’

This announcement was soon followed by a decision to requisition the whole British mercantile marine at Blue Book rates.

THE RESPONSIBILITY FOR HIGH FREIGHTS

It is important, however, before reviewing the very striking facts, to measure exactly the restricted limits of the responsibility of shipowners themselves in the matter. It is useless and foolish to blame owners for refusing to take more than five shillings when offered ten. So long as the commodities requiring transport were being purchased by private merchants and sold under competitive conditions, the only result of an individual shipowner choosing to take a lower rate than the market was offering would be that he would give an extra profit at his own expense to the merchant, who was normally no more a deserving object of charity than himself. The merchant would buy his goods in the cheapest market and would sell them in the home market at the highest price he could get. From his point of view the price he had to pay for freight was merely an item in his expenses. It did not affect the competitive price which the purchaser was willing to pay and the merchant was able to get for his sales. If an individual philanthropic shipowner cared to give him a ten-shilling freight for which his rival was paying twenty shillings, that would have been so much more in his own pocket. And nothing short of a complete system of control applying at least to that particular article could alter this situation. Government action alone could make it either possible or useful to reduce freights below their full competitive level. In these circumstances no blame whatever can attach

to shipowners for taking the rates they could get. So far, of course, as particular shipowners attempted to evade the control or the limitation of profits or the taxation which the Government ultimately imposed, or in any way impeded or opposed the Government in taking such action, they cannot plead this excuse. But those shipowners who accepted their obligations and assisted the Government in extending their control are liable to no just criticism for taking such profits as the market afforded them. It was the Government alone who could have taken action which would have either reduced shipping profits or appropriated them to the Exchequer.

THE DIFFICULTIES OF CONTROLLING FREIGHTS

The writer feels precluded by the official position which he occupied at the time from discussing, or expressing either his present or past opinion, as to whether more drastic action should have been taken at an earlier date. It is necessary, however, in any case to take into account the considerations which did in fact render action difficult and retard it.

In the first place the profits were obtained from the freight on commodities bought and imported under commercial conditions, not from the freights paid by the Government for their own requirements. Throughout the first two and a half years of the war there was a growing contrast between the Blue Book rates paid for Government cargoes, which were moderate and constant, and the freights paid for commercial cargoes, which were exorbitant and always rising. The Blue Book rates were moderate in comparison with payments made in other industries both in Great Britain and in Allied and neutral countries. They were less remunerative than the rates paid by the French Government, as is shown by the higher selling value of French ships during the war; they were much less than the American Government rates, which were necessarily fixed, as the British Government's rates were, with some reference to prices and conditions at the date when the system of requisition was put into force. On the other hand the open market freights rose until they amounted to six times the official rates.

The problem could not be solved by simply requisitioning all ships at Blue Book rates. Supposing, for example, that the

Government had requisitioned the ships employed at the moment in importing oil-seeds at a time when oil-seeds were being bought, carried, and sold under commercial conditions. What was the Government to do next, after obtaining the tonnage at the relatively low Blue Book rates? Certainly the oil-seeds must still be imported. They were wanted for margarine, for explosives, for soap manufacture, and for other purposes, some of them of the utmost importance. Were the ships to be re-chartered to the oil-seeds merchants at the rates at which the Government had obtained them? The result would have been no better than if the same action had been taken by our hypothetical philanthropist among shipowners. The market price for the producer of oil-seeds would have been the same and the benefit of the cheap freight would have gone, not to the public, but to the merchant. Were the ships then to be re-chartered at the full commercial rates? Then indeed the result would have been better for the profit would have gone to the public—though to the public as taxpayer, not as consumer. But with the public feeling against high prices, it would have been extremely difficult to maintain such a policy. It would have been denounced as profiteering, and public and shipowner alike would have felt they had a legitimate grievance. Extension of requisitioning could thus only secure its object of reducing costs if it were combined with the control of the actual commodity. This was, as we have seen, the ultimate solution; but it was a difficult and complicated process which was extended gradually from commodity to commodity on many considerations, of which the cost of freight was only one. Control of purchase, distribution, manufacture, and price of all the imported supplies of the country, though it gradually became expedient on other grounds, could scarcely be undertaken solely to deal with the problem of shipping profits.

Another possible method would have been to enact special taxation, providing, for example, that the standard rate, beyond which excess profits were payable, should be taken from an average of six or ten years' profits, and not from the years of exceptionally high freights just before the war. This method would, however, certainly have been denounced, whether justly or not, as involving an unfair discrimination.

Whether or not, under these conditions, the Government could and should have taken earlier and more drastic action (as to which no opinion can be expressed), it is not surprising that freights and profits occupied a large part of public attention in the third year of the war.

The increase in earnings and profits, as compared with normal rates or probable rates in the years in question, if there had been no war, was immense and possibly unique.

PRE-WAR PROFITS

Shipping, certainly tramp shipping, is not normally a very lucrative business. An interesting table, given in *Fairplay* in December 1914, summarizes the experience of tramp steamers for eleven years as follows :

Year.	Book value of steamers. £	Profit on voyages. £	Depreciation at 5 per cent. £
1904	10,753,752	640,541	622,725
1905	12,353,849	762,698	740,901
1906	12,130,285	979,545	731,971
1907	13,732,764	1,079,257	832,716
1908	14,338,652	1,145,387	876,170
1909	13,915,494	647,997	837,890
1910	14,610,877	842,511	864,187
1911	15,717,739	1,471,541	943,088
1912	16,477,354	2,869,516	1,011,028
1913	16,682,965	5,505,850	1,073,665
1914	15,587,708	3,828,093	1,003,349

If we take the above figures and allow for the depreciation there given we obtain the following net profits as a percentage of the book values :

Year.	Net profits as a percentage of book value. Per cent.	Profit per gross ton. £ s. d.
1904	0.17	0 0 4
1905	0.17	0 0 4
1906	2.04	0 3 8
1907	1.79	0 3 3
1908	1.87	0 3 2
1909	loss	
1910	loss	
1911	3.36	0 5 9
1912	5.88	0 9 9
1913	26.50	2 1 9
1914	18.10	1 7 3

It is immediately apparent that over a long period of years the average net profit had been less than 5 per cent., but that in 1913 it suddenly jumped to $26\frac{1}{2}$ per cent. This boom period had, however, passed before the war, and a representative tramp shipowner in December 1913 stated the general view of the prospects in the following words: 'We are in for a very bad depression. The fall in rates in the latter part of this year, 1913, is altogether unprecedented. No good will come from attempting to conceal that the actual conditions now prevailing are a very serious position to face.'

We start generally with the fact, therefore, that shipping, normally not accustomed to big profits, had had a boom year in 1913, and was about to face a period of serious depression likely to last for some years.

WAR PROFITS

Let us contrast with this the actual profits. These can best perhaps be illustrated by stating what with ordinary good fortune would have been the normal experience of a shipping company owning in 1914 5 average ocean-going tramps of 6,000 tons dead weight. In the calculations a normal share of requisitioning by the Government is allowed for, and the shipowner is assumed to pursue the safe but not the most remunerative policy of time-chartering for periods of six to nine months. On this basis the capital of the company at the commencement of the year would have been £180,000. The gross earnings of the company from August 1914 to the end of September 1916 would have been £562,881. The expenditure, including insurance on the increased values of the ships by appreciation, would have been £205,944, leaving a net profit of £356,937, or 92 per cent. per annum. For the first nine months of 1916 the net profit would have been at the rate of 150 per cent. The company could then have sold out at the price of £700,000, realizing a further profit of £520,000, or a total of £876,937 net profit, that is, 225 per cent. per annum. Of these sums the company would by that date have paid £155,224 in excess profits duty, and about £37,383 in income tax on the current earnings. They would have paid no taxes upon the £520,000 profit due to appreciated value. If the company did not

sell out, and if we deduct both excess profits and income tax, it would still have made a net profit of 42 per cent. (or 70 per cent. per annum for 1916) in addition to having at the end a property (which could be alternately treated as something to be sold for cash or a capitalization of prospective earnings) about four times the value of what they started with. This is a short summary of the calculations given at greater length on pp. 351-2. Not only, however, was the rate of profit very high, but the total sums involved were very great. Probably in the first twenty-six months of the war the total net profit of British shipping amounted to at least £262,000,000, with an appreciation in value from £175,000,000 to about £500,000,000.

AGGRAVATING FACTORS

It must first be remembered that these increased profits were obviously due to war conditions, and were indeed the direct consequence of demands made on shipping by the transport of war supplies. Secondly the expense of making shipping possible under war conditions (defence by the Navy) fell on the public without any special levy on freights to meet it. In the third place, ship-owners had had their boom years immediately before the war, and would have suffered a corresponding depression in 1914-15, if there had been no war. In the fourth place, while the Government controlled the employment of sea transport almost as completely as land transport, the former alone were allowed to multiply freights and earnings ten-fold; the latter were from the first day of the war restricted to peace standards. In the fifth place, owing to the provision of the Excess Profits Duty Act, which derived its standard from two out of the three years preceding the war, and to the accident that 1913 was a boom year for shipping, the shipowner made four times his average profit, and at least four times what he would have made, if there had been no war, before he began to pay any excess profits duty at all. In addition, and perhaps most important of all as an explanation of the public interest in the question and its influence in compelling organization, is the fact that shipping is a key industry on which the whole economic life of the country is dependent. The results of high freight, by increasing the cost of imported

articles (though to a less extent than was commonly imagined), permeated the whole industrial and domestic life of the nation.

It is not to be wondered at, therefore, that the Government decided early in 1917 that profits must be reduced by the extension of requisition at Blue Book rates. Fortunately, by this time, nearly all imported articles were themselves being brought under control, and transport therefore was being arranged for them in requisitioned tonnage. The difficulties of carrying commercial cargo in requisitioned vessels, which are described above, were not in practice, therefore, very serious. The decision to make requisition universal did little more than expedite a process of extension which was already almost complete.

CHAPTER IV

THE STRUGGLE AT SEA

The relation between naval and civilian action. The ineffectiveness of the early submarine. Extension of range from British waters to the Mediterranean. Defensive Armament. The civilian air-raid agitation and its effect on the defence of Merchant Vessels. Dazzle-painting. 'Protected Approach Areas.' The Intensive Submarine Campaign. Its immediate success. The Convoy System. Arguments for and against. Its Organization. Outward and Homeward Convoys. Its decisive success. Courage, skill, and endurance of the Naval protecting forces and the Merchant Marine. The defeat of the Submarine.

It is not within the scope of this book to give the history of the submarine campaign. We are concerned with the civilian struggle fought with the weapons of administrative orders, statistics, and ration cards. Others must tell the more dramatic tale of the contest at sea ; of the submarine itself, and its varied foes ; the destroyer, the minefield, the patrolling craft, the decoy ships, the aeroplanes, the torpedo, the gun, the bomb, the depth-charge, and the heroism and endurance of the sailors, civilian and naval, on both sides.

But something must be told here, though it is only in the briefest outline, and though it includes only what is already of public knowledge and omits all mention of the many inventions of great technical interest. The civilian problem cannot be seen in its proper perspective without some picture in the mind of the naval contest, whose varying fortunes determined its conditions and its character. Above all, some reference must be made to the development of the convoy system, the crucial factor in the Allies' success.

The naval and civilian measures, for the most part separate, touched at several points. The civilian authority found ships from the mercantile marine to act as armed cruisers, as patrolling vessels, as decoy ships. The civilian intelligence system was used to facilitate the arrangements for arming and dazzle-painting merchant ships. And in the convoy arrangements the closest

co-operation was necessary throughout, the ships being grouped as far as practicable according to speed and assembled at the appropriate ports by the civilian department in conformity with the naval requirements.

THE SUBMARINE OF 1914

Neither of the combatants realized before the war the possibilities of the submarine. It was fortunate indeed for the Allies that the submarine of 1917 was not launched upon them when their counter preparations were at the 1914 stage. The submarine of the first year of the war was a fragile, timid, and precarious craft. It had a short range of action and had to return frequently to its base port. It required to operate in shallow waters, where it could rest on sandy shores, not so deep as to make the water pressure excessive. It was, therefore, confined mainly to the coastal waters of the United Kingdom. The earliest counter-measures were addressed to these vulnerable conditions. They succeeded in making the submarine life unbearably nerve-racking. For a time indeed the raider and the mine seemed more dangerous than the submarine's torpedo.

	<i>Submarine.</i>	<i>Mine.</i>	<i>Raider.</i>
August–December 1914, vessels sunk	3	42	55

But as counter measures were becoming effective in the near seas, the submarine was becoming capable of more distant work. In the first twelve months of the war, of the submarine victims 60 per cent. were sunk within a short distance of the United Kingdom. In the next year this percentage fell to 22.

By 1916 the submarine was able and was forced to extend and largely transfer its activities to the Mediterranean. Here its supplies were more precarious, but it still had the advantages of shallow waters, near shore retreats, and a concentration of merchant ships which made it easy to find its prey.

Longer absence from base ports, however, made it necessary for the submarine to rely more upon gun fire (which meant coming to the surface) than upon its quickly exhausted supply of torpedoes. The answer, and for a time the sufficient answer, to this was the defensive armament of merchantmen, the supply of guns and

gunners. In 1916 the submarine was still very vulnerable and timid upon the surface. The possession of a gun was almost a complete protection. In at least one instance, indeed, a master who possessed no gun saved his ship by firing a rocket which the timid submarine mistook for gun fire.

Unhappily it was difficult to produce the required guns quickly enough. And at this crisis the situation was embarrassed by an agitation on the part of civilian non-combatants (which found striking electoral expression) for further protection against aircraft. The agitation reached such dimensions that the Government announced in February 1916 'that the construction of anti-aircraft guns has now priority over other ordnance, and as fast as these guns are produced by the Ministry of Munitions they will be distributed to the best advantage throughout the country'.

While a single gun would ensure the safety of a merchant ship, hundreds were sent not only to districts which had been attacked, but to provincial centres of population which conceivably might be attacked. Meantime, the British sailor was asked (and was never refusing) to go in 7 or 8-knot tramp steamers, flogging their way slowly through the infested waters of the Mediterranean, without protection of any kind. One ship in ten that passed the Straits of Gibraltar at this period never returned. One gun per ship would have made them safe; but the guns were being scattered over England to defend a civilian population of whom only about a thousand were killed, out of a population (in defended towns) of some 20,000,000, in four years of war.

The success of defensive armament in 1916, and the fear of decoy and 'mystery' ships, forced the submarine back to the more frequent use of the torpedo. Against this the gun on the merchant ship was useless and two new methods of protection were devised.

Merchant ships were camouflaged by dazzle-painting, i. e. they were painted to reduce their visibility or deceive the submarine as to their pace and direction. Opinions differ as to the success of this device, and such statistical results as are available are not decisive. It certainly did reduce the risk to some extent, and that it made observation more difficult was testified by our own submarine officers. But its success was limited, and on the whole tended to diminish.

PROTECTED APPROACH AREAS

The second method was the arrangement of a number of 'protected approach areas' through the dangerous waters near the United Kingdom. Forces of trawlers and sloops, with some destroyers, would be assembled in certain areas of which the most important was off the south of Ireland. Each of these areas was in the form of a cone; the merchant vessels received secret orders as to where to enter it along a wide base line, which was changed from time to time, and on entering it they received such protection as the patrolling craft could afford. Special escort was also provided for particularly valuable ships at an assigned rendezvous.

This system was ineffective from the beginning, and in time proved a positive death trap. The approach areas covered an immense expanse and the protective craft were utterly insufficient to defend it. The areas and the places of rendezvous became known. Sometimes perhaps an indiscreet master would talk at his loading port. Sometimes the rendezvous would be missed—through bad weather or other causes—the ship would wireless in the mercantile code, which was learned by the enemy, and a submarine instead of a protecting escort would answer her call. Probably, too, the sight of a protecting craft informed the submarines where shipping was likely to be found. In the end, the protected areas became more dangerous than the open seas, and perhaps a master who took his own route without protection had the best chance of escape. The chart which showed the sinkings in the area off the south of Ireland became a tragic sight. The protecting craft rescued most of the crews; but they could not save the ships.

This was the main method of attempted protection before and during the opening of the intensive campaign in the early part of 1917. The success of defensive armament, as we have seen, drove the submarine from the use of the gun to the use of the torpedo. By this time it was much better able to employ this more expensive weapon. It was no longer the little fragile craft of 1914, capable of carrying few torpedoes and scanty stores and confined to near and shallow seas. It was now as big and as

strong as a small merchant ship, and had a range of action of some thousands of miles; was able to stay at sea for weeks and to carry large stores of provisions and torpedoes. But it was threatened by destroyers and defensive craft of every description, and by aeroplanes and airships, and therefore found observation from the surface difficult. More and more it had to rely upon the periscope, and it is not easy to distinguish ships of one nationality from another through a periscope, especially when no ship is anxious to advertise the fact that she is a destined and legitimate prey. Moreover, large numbers of neutral ships were by this time in Allied service. The merchant ships of the world were becoming one fleet.

THE INTENSIVE SUBMARINE CAMPAIGN

The enemy came to the conclusion, therefore, that if the submarine was to achieve a decisive issue it must be free to attack neutral and Allied ships indiscriminately. Further than that, it must be free to sink without notice; torpedo firing from periscope observation made it even more impossible to give notice than to distinguish nationality. To sink, and to sink without warning, vessels of all nationalities meant the danger of war with America. But the German Admiralty promised that with liberty of action they would reduce Great Britain in six months—long before America's aid, even if she decided to fight, could be effective. This promise, though on any probable assumption rather too optimistic, was no idle one. It was based, and not unreasonably, on a careful calculation of Allied needs and resources. It proved fallacious through two new counter measures still to be devised—the convoy system and the complete control of shipping and supplies by the Allies. At the time it was a gamble perhaps—but not a wild one. The German Government hesitated between conflicting advisers, as the revelations in Admiral von Tirpitz's book have shown, but at last took the fatal decision. In December 1916 it was announced that certain areas, including all the waters round the British Isles, were 'war zones' and that any vessel found in those waters, whether Allied or neutral, was liable to be sunk without notice after February 1, 1917.

The opening success of the new campaign was staggering.

In the first three months 470 ocean-going ships (including all classes of ships the total was 1,000) had been sunk. In a single fortnight in April 122 ocean-going vessels were lost. The rate of the British loss in ocean-going tonnage during this fortnight was equivalent to an average round voyage loss of 25 per cent.—one out of every four ships leaving the United Kingdom for an overseas voyage was being lost before its return. The continuance of this rate of loss would have brought disaster upon all the Allied campaigns, and might well have involved an unconditional surrender.

THE CONVOY SYSTEM

But the black fortnight of April was perhaps a blessing in disguise. The certainty of Allied disaster under the existing conditions was so obvious that those who had advocated the institution of convoys were at last given their chance.

The convoy system consisted briefly in assembling merchant ships in groups of up to forty¹ near their loading ports, in bringing them across the high seas under the protection of a cruiser and then escorting them through the submarine zone by a number of destroyers, sloops, and trawlers. The protecting craft no longer patrolled a large approach area. They kept with the convoy and escorted it home.

The system had been frequently discussed, and fortunately worked out in detail by those who believed in it, but had hitherto been rejected. Cruisers had, of course, protected transports against the risks of raiders; but the protection of the tramp shipping of the world against the submarine was a very different problem. It was urged that the task of assembling ships of all nationalities and all speeds at ports of departure would be one of great difficulty, and that the delays involved would reduce the importing capacity of the ships; that the speed of a convoy would be limited to the speed of the slowest ship in it; that masters would find it difficult to 'keep station', i. e. maintain their proper position in the general formation of the convoy, in Atlantic fogs and storms; and, finally, that a convoy system would merely assemble its prey for the submarine and offer it a larger target.

¹ The more usual number was 20-25.

These reasonable, though insufficient, objections were strengthened by others for which there was less foundation. The country now paid a heavy penalty for the method it had adopted in publishing its weekly losses. Week by week the losses of ocean-going ships, averaging say 40 British, or 50 British, Allied and neutral together at this period, were published in conjunction with figures of arrivals and departures at British ports (about 2,500 of each in every week). The figures were, of course, exact in both cases; but those of the arrivals and departures gave a seriously wrong impression, not only to the public but to many of those concerned in naval defence.

It is true that there were 2,500 arrivals—but about 2,360 of them were cross-Channel ships, vessels shifting ports or small coastal vessels merely arriving from another coastal port and never seriously at risk. The arrivals of British ocean-going ships, comparable to the forty lost, were not 2,500 but about 140. Every one in an official position knew of course that there were not 2,500 ocean-going ships arriving each week, but only a very few in control of merchant, not naval, ships realized that the real number was anything like as small as 140. This wrong impression had two bad results. It disguised, until April 1917, the real rate of loss. Not many men realized that for some time past the average life of a ship had been only ten round voyages. It also exaggerated the magnitude of the administrative task involved in a convoy system. The escort of thousands of vessels a week would have been an impossible effort—twenty arrivals a day was a manageable problem.

The Ministry of Shipping had throughout warmly supported the proposals of the naval officers who advocated convoys, and it had at its disposal a shipping intelligence system which both accurately measured the task and assisted in its execution. The Ministry offered to carry through the whole organization of merchant ships—their grouping as to speed, the arrangements to collect them at loading ports and to disperse them on arrival, &c. The close association in this work of the naval officer, to whose energy, initiative, and ability the adoption of convoy was chiefly due, with a shipowner—who had volunteered his services to Requisitioning Branch and had there handled shipping and ship-

ping problems under war conditions—proved an exceptionally fortunate combination ; and little as it was known to the public, their work proved of capital importance in the conduct of the war.

The arguments which were opposed to the objections stated above were based upon a much truer appreciation of the position. The difficulties of assembling and of providing escort were proved to be manageable by showing the number of ships concerned,—an average of only some twenty arrivals a day in the United Kingdom. The skill of the merchant skipper accustomed to manage his vessel under the most varied conditions was justly estimated to be sufficient to enable him to keep station. It was pointed out that if a convoy were properly guarded a submarine would have no time for more than one ‘browning’ shot, which might or might not hit ; and would herself be exposed to instant attack, whereas, out of a similar number of vessels coming independently along the track, she would probably sink two or three or more without risk to herself. It was also contended that the loss of time involved in collecting the vessels and reducing all to the speed of the slowest in the convoy would be largely compensated by the fact that more direct routes could be taken.

Many incidental advantages were also justly claimed for the system. The morale of masters and men had never failed, but it was being tried hard in the early months of the new campaign. The new system gave a sense of security. It relieved the masters of the task of coping with the submarine and left them to their proper work of navigation. If a ship was hit, rescue was assured. A convoy could be rapidly diverted from the region in which any submarine had been discovered to be operating. Secrecy could be much better preserved, for only the escorting cruiser and the Admiralty need know the route and destination. The danger of a raider, which at one period had been serious, was countered incidentally. For all but the southern seas were empty of all prey except the convoys, and to have attacked a convoy would have meant attacking the cruisers, which it was the first object of a raider to avoid.

It was not until after the disastrous losses of April, however, that the system was given its chance. ‘Controlled sailings’ in the French coal trade had shown good results, but it was only

on May 10 that the first long-distance convoy started from the Mediterranean. It arrived without loss, and thereafter amid constant difficulties the system was extended till it covered practically all vessels on every dangerous route. The success of the new convoy system in protection was as striking as that of the new submarine campaign in its opening attack, and its success continued to the end. Before its institution, and over a long period, ships had been lost at the rate of one in ten voyages ; in the black fortnight of April, one in four. But out of 149 wheat and sugar ships sailing in convoy from Newport News between July 2 and October 10, 1917, only two were sunk, and these were both vessels which had failed to keep in the convoy.

During the following months the organization was built up and the system extended. A committee was appointed to work out the arrangements in detail. Lectures were arranged to instruct the masters in exactly what was required of them. Signal ratings and special gear were supplied to the ships. The Shipping Intelligence Section was extended by the development of a new section of the card index, in which ships were arranged in groups of ports and routes, so that it was possible to state on any given day the numbers and names of all ships in port or on passage on any given trade routes. Information as to speeds was verified and corrected, so that the organization of convoys of different speeds could proceed.

The arrangements were based upon four main divisions of the world : (1) the Mediterranean, including Morocco and south Spanish ports, the convoys starting from Gibraltar ; (2) the South Atlantic, including South America and vessels homeward bound from West Africa and the Cape, the convoys starting from Dakar or Sierra Leone ; (3) the Gulf of Mexico, ships from the Panama Canal and vessels loading in the United States not north of Baltimore ; and (4) vessels loading in Canada and the United States north of Baltimore, for which the assembly ports were Hampton Roads, New York, Halifax or Sydney, Cape Breton.

The convoys working in these four areas included not only British and Allied vessels but neutral vessels as well. The British authorities thus accepted responsibility for the central organization of the protection of all ocean-going vessels in the submarine

area. Contributions in protecting craft were, however, given by the Allied navies. The French, Italian, and Japanese, and in particular the American Navy, which now joined its forces with the Allies, provided assistance of the greatest value.

After a month's experience the success of the convoy arrangements for homeward bound traffic had the effect of increasing the danger to outward bound vessels. At first the danger to homeward bound vessels had been considerably greater, because they converged and were more easily found, because they were not in possession of the latest submarine information and because they were loaded and therefore more valuable than outward vessels which were often in ballast. In April, for example, the risk attaching to the homeward bound vessel was more than twice as heavy as that of the outward bound one, but by August the proportion was reversed. Outward convoys were therefore organized. The arrangements were somewhat different and in some respects more difficult, and the nicest synchronization was required in order to use the same escorts first to escort outward and then to meet a homeward convoy. Outward convoys, in spite of an inauspicious beginning, were soon as successful as the homeward ones. By the end of October about 100 homeward convoys had been brought in with 1,500 steamers, and a dead weight capacity of 10,500,000 tons. Of these only ten vessels had been torpedoed while in contact with the convoy (0.66 per cent.) and a further fourteen after being separated from the convoy, making a gross total of 1.6 per cent. By the same date, 77 outward convoys, including about a thousand ships and 7,000,000 tons dead weight had sustained a loss of only 0.57 per cent. One interesting result was that, as ships were more difficult to find at sea, the submarine was driven closer inland. Before convoys were in full operation nearly 60 per cent. of the ships sunk were in the open sea; but afterwards the proportion of vessels sunk there became insignificant, only six British being lost in the open sea in the four last months of 1917. Not only, therefore, did convoys enormously reduce the number of vessels lost, they greatly reduced the risk to life when a vessel was lost. The crew of a vessel sunk ten or twenty miles from land was usually rescued almost at once. This was a very different ordeal from that which

crews of ships sunk two or three hundred miles from land had to face in the early part of 1917, when a great proportion, even of those who managed to get into their boats, died from exposure before they reached land or were picked up.

Throughout the greater part of 1917 the main effort was directed to extending the system with the greatest possible rapidity so as to cover ships of all nationalities on all routes. Even a hastily organized convoy under escort was infinitely more valuable than the old protective system, and delays due to defects of details in the arrangements were of little importance in comparison with the security afforded.

Once the extension was complete, however, steps were taken to perfect the organization so as to prevent all avoidable delay and expedite the speed of the sailings.

The first step was to differentiate convoys according to the speed of the protected vessels, special convoys being formed for the faster vessels. Improvements were then effected by a detailed examination of the conditions under which vessels were loaded and bunkered. Elaborate arrangements were also required to secure that in loading the vessels account was taken of the destination of the cargo and of the next convoy respectively. Great delay and trouble would clearly be caused if a vessel were loaded largely with cargo for the east coast and the next convoy sailing was for the west coast of Great Britain. Special officers were sent to America as port convoy officers to deal with these difficulties. Simultaneously arrangements were made in the home ports, particularly at Liverpool, to secure the pooling of bunkering arrangements and berths, so that an owner who was not using his own private berth should not leave it idle while another owner's vessel was waiting for a berth.

It is impossible here, however, to describe in detail the history of the convoy system, the many problems it had to face, and the modifications in its organization. It is sufficient to say that it met successfully every new strain placed upon it. The threatened and much feared attack upon the vessels transporting the Argentine wheat crop purchased in January 1918, the even more crucial danger to the transports bringing American troops at the crisis of the war, were both averted. The system was a triumphant

success and may perhaps justly claim to be the decisive factor in the long contested struggle between the two blockades. The shipping losses fell steadily throughout the latter part of 1917 and beginning of 1918, and with the complete extension of the convoy system they had almost ceased to be serious. This reduction was not due, as was popularly imagined at the time, to the destruction of submarines; on the contrary, the number of submarines at sea was continually growing and the skill and strength of the individual submarine increasing. We have seen that the worst losses of the war were in April 1917, and that the continuance of the rate of loss at that time would have been fatal to the Allied cause; but there was not a single month after April when the German Admiralty did not have more submarines operating than in that month, and in some months indeed they had 50 per cent. more. That they failed to continue their success was due not to failing numbers or failing skill but to the convoy system. By the Armistice 607 homeward bound convoys had been brought in, including 9,300 ships of a tonnage of 68,000,000 tons dead weight; of these only 73, with a dead weight of 500,000 tons, had been lost. By the same date there had been 527 outward convoys with 7,300 ships of 52,000,000 tons dead weight, of which only 45 ships, of a dead weight tonnage of 387,000 tons, had been lost. This gives a total loss of 118 ships (890,000 tons dead weight) out of 16,600 ships (120,000,000 tons dead weight), or 0.7 per cent. These figures do not include losses of vessels sunk when not in contact with the convoy. If these losses, as well as those due to marine risk, are also included, the total is still below 1 per cent. as compared with about 10 per cent. before the system was adopted.

THE NAVY AND THE MERCANTILE MARINE

Others must tell of the personal aspect of the struggle at sea, of the heroism and endurance of the thousands of men engaged in all the craft, the trawlers, motor boats, patrol vessels, and destroyers employed in protecting the merchant fleet or in attacking the submarines. Something has been told in the brief notices issued with the V.C.'s given for decoy vessel work; a little more in various books and records, in casual tales and anecdotes, but

the full tale remains to be told. I remember coming back from America on a big Atlantic liner in August 1917. When we were still two days from the nearest land the captain told me that the escorting destroyers were due in twenty minutes. 'But I doubt whether they can be there—it is dirty weather for destroyers.' I left the deck for twenty-five minutes. When I came back the four destroyers were there on right and left, before and behind, almost invisible with each new wave—but exact to the minute in their station. And so they continued for two days and nights till we entered the nearer waters when mines became more dangerous than submarines; and then they went line ahead to take any mine there might be and so, at the cost of their own destruction, save the ship they were protecting. This was the most ordinary example of the current day's work, but it enabled one to picture something of the courage, the dangers, and the hardship of those in the small and fragile craft in the frosts and seas of winter.

No less was the courage of the merchant seamen, of whom 15,000 lost their lives. Amid the innumerable difficulties that beset the shipping problem of the Allies they were throughout happily free from anxiety as to the conduct of the officers and seamen of the mercantile marine. No calculation in any shipping and supply programme included a margin for the human factor. Even when vessels unarmed and without wireless were required to proceed unescorted to waters infested with submarines, crews were always available and willing to sail. The enemy attempted two objects in adopting the more ruthless form of submarine warfare, the first to increase the destruction of the vessels and the second to break the morale of the men who manned them. In the first they achieved a dangerous though temporary success. In the second they failed from the beginning and throughout.

Two incidents from hundreds may be mentioned in illustration. In 1917 a large cargo liner was torpedoed some hundred miles off the Irish coast on a bitter winter night when the seas were high. Of the crew of sixty, twenty-six were killed by an explosion or drowned in getting to the boats or died from exposure. The rest got away, some of them, including a cabin boy of seventeen, with nothing but the shirts they slept in, and reached England safely. All without a single exception, and including the cabin boy, went

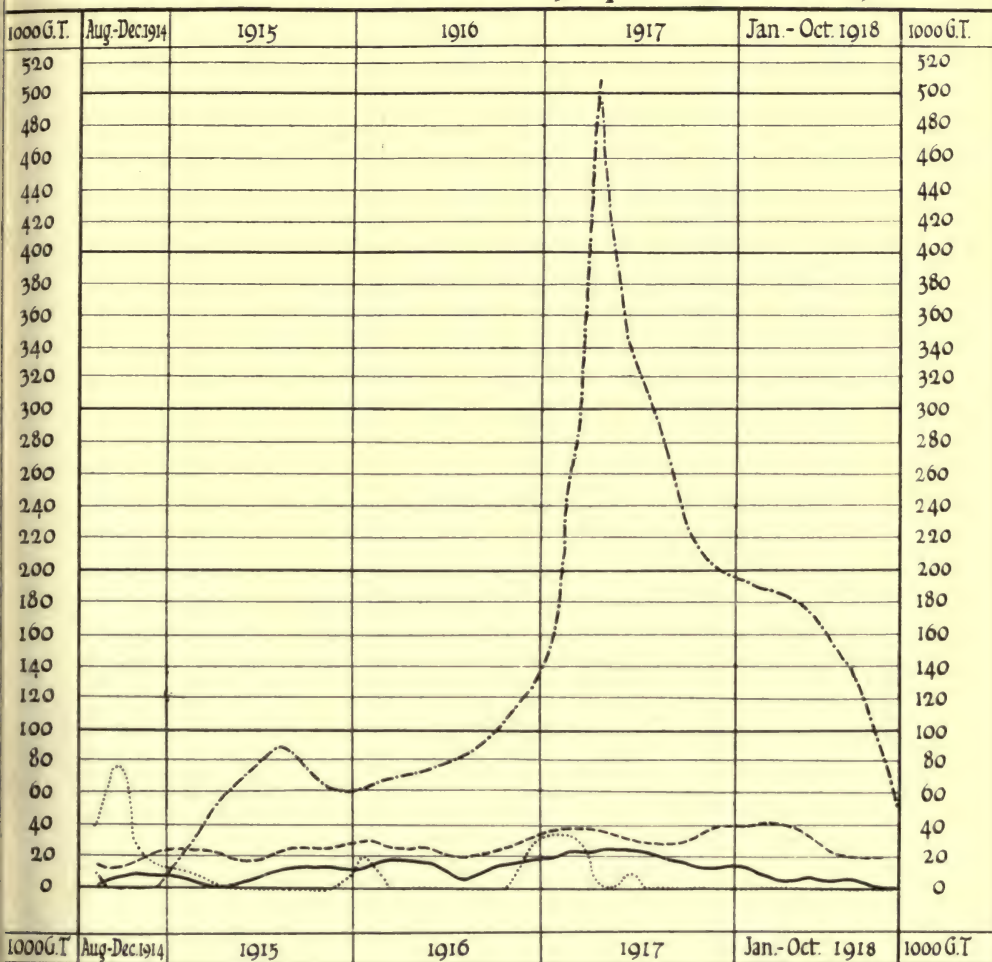
straight to the owner's office and asked to be put on the next ship. In another instance, a neutral crew of a neutral ship who had less inducement to face the risks of a war not their own were disinclined to put to sea. The master, who had married an English wife and had his home in England, went home dejected and told his wife his men would not sail. She asked him to let her come and talk to them. He consented, not knowing what she intended to say. She saw the crew and said simply 'You may be interested to know that I am going to sea with my husband this voyage'. She went to sea—and so did they.

Courage and skill combined made the convoy system the crucial factor in the long struggle.

The long contest between attack and defence was at last decided, and it was decided conclusively before the war ended and on its own merits, not as an incidental result of the military successes of the Allies. In the first quarter of 1918, 1,150,000 tons were lost from both war and marine risks, 870,000 tons were built (loss, 280,000 tons). In the second quarter of 1918, 962,000 tons were lost and 1,245,000 tons built (gain 283,000 tons). In the third quarter 916,000 tons were lost, 1,384,000 tons were built (gain, 468,000 tons). In September the world gained even without the building in America. In October, apart from a few casual sinkings in the early dates, the losses ceased. Apparently the submarines had been recalled—either in anticipation of the Armistice or to help the Grand Fleet in one last desperate gamble. The next time they left port was when they were surrendered to the Allies among the first spoils of victory.

So triumphantly and decisively the long struggle was ended. It may be that the submarine had other terrors in store, but apart from some new development of which they had no experience the Allies had the certainty that, difficult as would have been their experience during the winter of 1918-19, increased building would make them safe from the spring of 1918 onwards.

BRITISH LOSSES, AUG. 1914 TO OCT. 1918



..... - Losses by German raiders and cruisers

_____ - Losses by mines

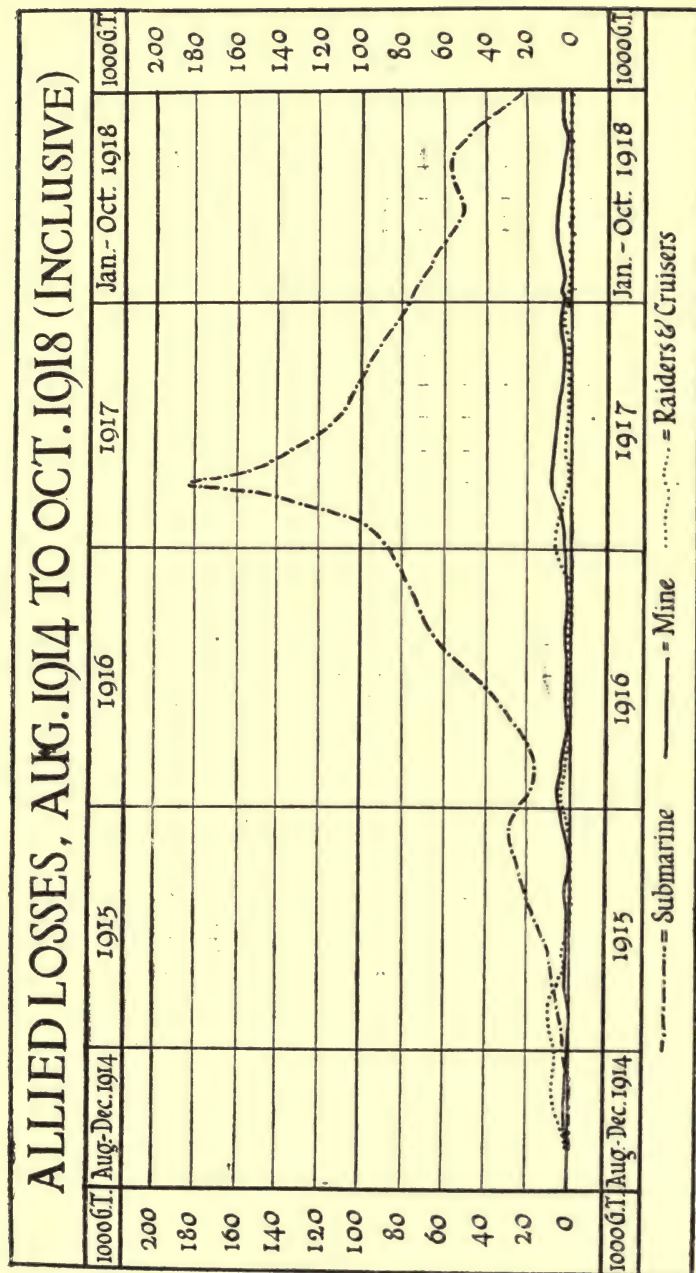
----- - Losses by submarines

----- = Marine losses

The above table shows the development of losses as exactly as a "curve" can do; but does not indicate the precise loss in a given month.

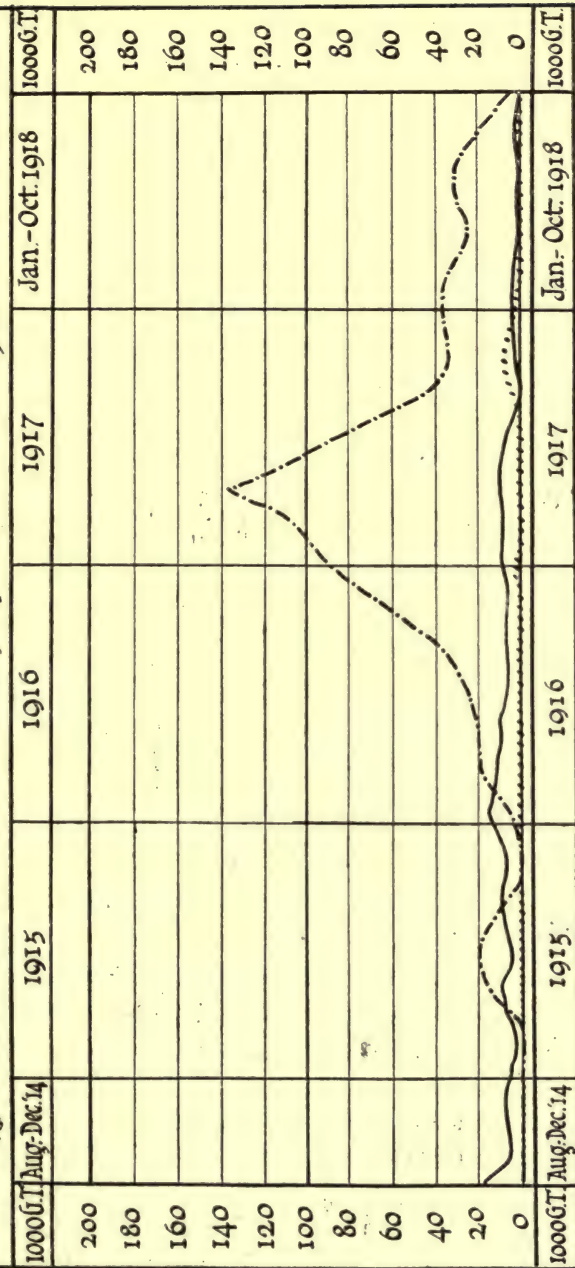
It will be noted that:-

- (1) in 1914 losses by cruiser and raider were serious; losses by submarine were negligible
- (2) after 1914 almost all losses, except those by submarine, were negligible
- (3) the success of the intensive submarine campaign (Spring 1917) was immediate and overwhelming
- (4) the success of the convoy system (beginning about May 1917) was equally immediate and complete
- (5) the "marine losses" (i.e. losses by ordinary sea risk, collisions etc.) show an increase as a result of war conditions (navigation without lights etc.) and a further slight increase after the institution of convoy (collisions). The seasonal variations between summer and winter are also shown.



NOTE.—This Table excludes British losses, which are given on p. 131, and should be added in order to obtain the full Allied losses.

NEUTRAL LOSSES, AUG. 1914 TO OCT. 1918 (INCLUSIVE)



----- = Submarine ——— = Mine = Raiders & Cruisers

The fall in both Allied and Neutral losses after 1917 was partly due to the gradual inclusion of the vessels in the British convoy system, but partly also to the fact the great majority of ocean-going Neutral vessels were laid up as a consequence of the April losses.

PART IV

ALLIED CONTROL

CHAPTER I

ALLIED ARRANGEMENTS IN THE FIRST THREE YEARS

The Commission Internationale de Ravitaillement. The two principles. Communication through Foreign Office. Direct contact. Emergency assistance. Variety of method. Assistance on the basis of a fixed quantity (Shipping Control Committee). The Agreement of December 3, 1916. The Inter-Allied Shipping Committee—Causes of failure. Control in Allied Countries: France, Italy, America.

DURING the early part of the war shipping had very little to do with the development of Allied organization. The Allies wanted many things from each other more than ships. They wanted uniforms, guns, shells, and equipment of every kind which British factories could make. And above all they wanted money. For money could buy all these things and, at this time most easily of all, could secure the use of ships to carry them.

THE COMMISSION INTERNATIONALE DE RAVITAILLEMENT

These requirements at once needed a new organization. It would have meant confusion and waste of every kind if the French and other Allied War Offices had continued to place their private orders with British manufacturers in competition both with each other and with the British departments. To prevent this the Commission de Ravitaillement (the C.I.R.) was established in London in August 1914. It included representatives of the Allied purchasing departments; it received their demands and distributed them with due consideration of similar British orders among British manufacturers. It served a very useful purpose in saving the Allies from being exploited or misled, in limiting the increase of prices by competition, and to some extent in pooling the know-

ledge of the different countries, and saving each of them from buying its experience separately and dearly by its own misfortunes. It was indeed essentially a British organization to help Allied purchasers. It was formed to co-ordinate purchases in Great Britain: it was under British management and it derived its strength and effectiveness largely from the fact that the purchases had to be made with British credits.

At the same time the C.I.R. marked an important development in the mechanism of Allied co-operation. In peace time, if the French Ministry of Commerce wanted something from the British Board of Trade it would transmit its request through the British Embassy in Paris, or the French Embassy in London, to the British Foreign Office, who would in turn send it on to the British Board of Trade; and the reply would return by the same rather devious channel. The communications of two specialized departments on any technical matter thus passed four times through the hands and pens of non-specialists. This procedure was clearly not suited to the intricate and urgent arrangements which the war required between the Allies. It was based, like Foreign Offices themselves, upon the principle, natural perhaps for most negotiations before the war, that when something has to be arranged by the administrations of two countries, the first thing to consider is that two separate countries with all their complexity of interests, some divergent and some coincident, are concerned, and the second only the technical character of the particular affair in question. Under the stress of the war, as later chapters will describe, this position was reversed. The intricacy of the arrangements compelled direct contact between the specialized Ministers and officials of the several countries. The common interest in a common cause made it less reasonable and less possible to make arrangements about food or about munitions or about ships mere items in general negotiations between Great Britain, France, and Italy.

Little by little, as we shall see, the principle on which Allied action developed during the war was that a French official wanting British ships was primarily a person wanting ships from some one who could supply them, and not primarily a Frenchman negotiating with an Englishman. The process was never complete and

differences of national interests always remained. But they continued to become less important and (here is the real point) they were ultimately argued out and settled by specialists of the different countries.

This, however, is to anticipate. The principle on which the C.I.R. was founded in 1914 was essentially that on which negotiations between different countries proceeded before the war. The change was designed to make that principle consistent with comparatively expeditious business and not to alter the principle itself. The transference to an Allied basis was gradual and developed from the necessities of daily business. As the Allied representatives, attached to this Commission, proceeded with their work it became difficult to interpose a central unspecialized person between them and the corresponding specialist in the British supply departments. Personal relations between these specialists grew and direct contact developed. This was for some time, however, in the case of shipping confined to occasional visits with regard to the detail of transport arrangements.

EMERGENCY ASSISTANCE

In general, from 1914 to the end of 1917 each country made its own arrangements for transport, partly by requisitioning its national tonnage and partly by chartering either national or neutral tonnage in the open market.

From the beginning, however, this general system was supplemented by varying forms of assistance from the strongest shipping power—Great Britain. In the first place, a certain amount of tonnage, on no definite plan and on no logical principle, was allotted to France and Italy at Blue Book rates for the conveyance of certain war materials. In the second place, the British requisitioning authority gave exemption from requisition to a considerable number of British vessels which had been ‘time-chartered’ to the French Government or French companies. Both these measures were inadequate and difficult to apply. Under the first, certain tonnage within a limit never exactly defined was allotted to France at Blue Book rates for the conveyance of oats and steel; but at the same time other oats and other steel purchased for the French Government for similar purposes and under similar con-

ditions were being conveyed in freight chartered at several times the cost. This anomaly was obviously undesirable and assistance by this method had, moreover, all the disadvantages of a concealed subsidy. The second system of exempting British ships chartered for French munitions service was open to even more serious objections. It gave an inducement to British owners to attempt this method of evading their proper liability to requisition. In addition, while it was possible to ascertain that a particular vessel so favoured was conveying military supplies, it was never possible to be sure that the effect of giving this exemption was not to enable the release of another vessel belonging to the Allied company to engage in profitable commercial trade of no military importance. Whether or not this was true in any particular case, the fact that British shipowners believed it, and that it could not be disproved, greatly added to the difficulties of the British Government in dealing with them.

In 1915 and 1916, therefore, British shipping assistance to the Allies was rather improvised than organized. During this period there were normally some 600 ocean-going British ships in the service of France and Italy, in addition to some 250,000 tons of small coastal vessels in the French coal trade. Some of these vessels were on requisition at Blue Book rates ; others were chartered on time or voyage at specially restricted rates ; others were chartered under compulsion of the Carriage of Foodstuffs Committee at rates which varied with the action of that committee ; others were chartered freely in the open market either on voyage or on time. Some of the latter were given exemption from requisition and accepted lower rates to obtain that privilege ; others were chartered with no such exemption.

Sometimes an emergency in the coal situation or a sudden shortage in some class of military supplies would bring a mission from the French Cabinet or military head-quarters, and extra assistance would be given or refused on such judgment as could be formed at the moment of the relative urgency of French and British needs. Normally, and in the current course of the day's work, French and Italian representatives on the C.I.R. in London would be negotiating with the Transport Department for tonnage for one requirement or another ; asking for pressure to be put on

an owner to accept a charter, or exemption from requisition to be given to one already chartered.

But during this period French and Italian supplies were not fully surveyed and known even by their own Governments (as indeed British were not). Still less was there any organization by which they could be measured against each other or against British requirements. And such British tonnage as was in French service was there on a precarious tenure ; a large part of it was always liable to be requisitioned away under some new pressure of British needs.

From time to time, indeed, attempts were made to place the tonnage arrangements on a somewhat more stable basis. In May 1916 for instance, the Cabinet decided, on the recommendation of the Shipping Control Committee, to limit the British tonnage in French and Italian service to the amount in that service on April 1, and not to replace future war-losses. It was hoped that both the Allied and British Governments would then be able to frame their supply programmes responsibly on the basis of definite knowledge of the amount of tonnage available for them. But the decision was based upon no information (for none existed) as to the relative supply needs of the different countries. And in time the pressure of circumstances made it impossible to maintain it.

AGREEMENT OF DECEMBER 3, 1916

In December of the same year again, an important though not a comprehensive shipping agreement was concluded between the French and British Governments, under which the latter undertook to maintain a certain amount of tonnage in the coal and other specified services.

This agreement reflects very accurately the conditions under which shipping arrangements were made between the Allies at this period.

In the first place it gives clear evidence of its immediate origin. Emergency assistance was required by France in a number of different services suffering from lack of shipping. Special provisions are inserted as to the transport of rice and of coolie labourers from Indo-China, of coal and steel from England ; as to the supply of railway wagons to assist in clearing the French

ports ; as to the grant of facilities for the completion of certain French vessels under construction in England.

Other provisions are, however, of wider range and more permanent importance. The limitation on the British tonnage in French service recommended by the Shipping Control Committee was enforced by the grant or refusal of individual charter licences by the Ship Licensing Committee. This Committee considered both the total ships in French service at the time and also the nature of the work for which a particular vessel seeking a licence was intended. Such a system obviously made impossible a responsible control by France of her own shipping arrangements. It was therefore provided in the agreement that so long as the total tonnage was not exceeded the French Government should be the sole judge as to use, and that time-charters, as distinct from charters for the single voyage, should be both allowed and encouraged.

The main importance of the agreement, however, consists in its recognition that these emergency or arbitrary allocations of tonnage were not satisfactory. It shows an evident desire to extend co-operation on a basis of further and more complete information. With this object it provides that France and Great Britain should exchange monthly statements as to the employment of their ships ; that the transport of French wheat (for which, however, all the ships were still to be provided by France) should be arranged in consultation with the Wheat Executive ; that ships taking coal to France should return with ore and pit-props for England ; that all chartering of neutral steamers should be centralized in an Inter-Allied Bureau in London.

The actual form of the document is not without interest. The sequence of the clauses, which are strung together with no logical connexion, gives clear evidence of the way in which the requests for special assistance were negotiated into the document in the course of discussions on principle.

These and other agreements were piecemeal and incomplete. They did not, and in their nature could not, place the shipping arrangements on a stable basis or prevent the constant occurrence of new emergency requests for tonnage. Little by little these requests, and the dislocation and disturbance they caused, forced

each of the three Governments to increase its control and its knowledge of its own most vital needs—and finally to combine in an organization which enabled them to be measured against each other.

THE INTER-ALLIED SHIPPING COMMITTEE

An interesting though unsuccessful attempt at developing such an organization was made in January 1917.

Opportunity was taken of an important Allied naval conference in London to appoint an Inter-Allied Shipping Committee. It included representatives of Great Britain, France, and Italy, and its object was to survey the shipping needs of the three countries and to arrange a general plan for the allocation of tonnage. This experiment proved entirely ineffective, partly because the national work done by each of the countries in organizing its supplies was insufficient, and partly because the committee itself was constituted on a wrong principle. It included neither Ministers with power to speak on behalf of their several Governments on questions of policy, nor officials responsible for the current work of arranging ships and supplies. It was useful chiefly in discovering by its own failure how an effective Allied organization must be built.

Nothing has been said in this chapter of the other great Ally, Russia, who made large demands on shipping. The arrangements made with her were on an entirely different basis, and she was out of the war before the later development of Allied co-operation. Her supply arrangements were handled throughout in London, not in Petrograd, and ships were provided and managed just as if the supplies were British. In the summers of 1916 and 1917 the ships in this service, numbering at the height of the season some 250, were a serious factor in the whole position. But this demand upon tonnage had of course ceased in the next year, 1918, when the other Allied demands were greater, and throughout the negotiations with Russia were outside the main line of development.

At the end of 1917 the shipping arrangements with France and Italy were still on the basis described above. But by that time the increasing seriousness of the supply position, and the

entry of America into the war, made it important to devise a more satisfactory basis—and the development of the national control system made it possible.

NOTE AS TO CONTROL IN FRANCE, ITALY, AND AMERICA

The description of national control in this book is necessarily confined to Great Britain. The writer has neither the knowledge, nor the space, to give a similar account of the corresponding controls in the Allied countries. This omission is of less importance because the Allied organization now to be described had its centre in London and was built up mainly on the British system. It could never have been successful, however, if there had not been effective control both of shipping and supplies in France, Italy, and America. The reader must throughout remember the existence of these controls, and it may be well to conclude this chapter by a very brief note as to some of their main features.

In Italy the Government controlled shipping under two systems. The first, under Royal Decree of January 1915, was similar to the British system. Vessels were requisitioned on time-charter at a fixed rate of hire (somewhat higher than the British scale) for Government cargoes, the owner finding and paying the crew, but the Government bearing the running expenses and managing the vessel. In the following year (January 1916) a different system was introduced with the object of utilizing the owners' organization and giving them a direct inducement to expedite dispatch. Instead of being paid a time-charter rate they were paid so much per ton delivered. This second system, however, proved impracticable after a time and all vessels were requisitioned on the time system. Before the end of the period we are now considering, the control was complete and effective. More than nine-tenths of Italy's imported supplies consisted of cereals and coal, and the extreme shortage of both from an early date compelled complete Government control of purchase, transport, and distribution.

In France the extension of control proved a more difficult problem. Her imports were more varied; the shortage in coal and cereals developed somewhat later, and for the greater period of the war was probably not so serious as in Italy. For some time

France either requisitioned vessels on 'bare-boat' terms (i.e. the Government took the vessel outright and provided the crew and made all the arrangements itself) or was content to charter, or leave imports to the ordinary commercial conditions. The first method was appropriate if the vessel was required for combatant service, but was clearly unsuitable for import work; the second and third gave excessive profits and inadequate control over imports. Chartering continued to occupy a proportionately bigger place in the French than in either the British or Italian systems. But requisition on time-charter was gradually introduced, and ultimately control was extended over all French ships. More complete measures were also taken to control supplies and in 1917 the whole import system was placed under the effective control of a committee under the chairmanship of the Minister of Commerce.

America began to requisition her shipping in 1917, with the special difficulty that rates had been high for some years and that vessels had changed hands at correspondingly increased values. She therefore had to pay much higher rates than Great Britain. Her control developed quickly and was exercised drastically under the pressure of her Army requirements in 1918. The allocation of her ships to the most essential needs was greatly assisted by a vigorous and effective department in charge of the licensing of imports. Throughout the war the restriction of imports was effected much more by deliberate selection and prohibition and much less through the allocation and withdrawal of ships than in Great Britain. In dealing with consumption America relied much more than the European Allies on voluntary appeals for reduction, which were wonderfully effective. One day the roads and streets would be crowded with motor-cars. The President would appeal for economy; and the next day not a car would be seen. The European Allies wanted wheat and the Food Controller issued an appeal to the public to eat maize-bread. The result was again instantaneous and overwhelming. With her immense production America's problem was, of course, not to deal with a shortage of her own, but to supply from her own sufficiency what the European Allies most needed on financial terms which were possible for them. It is sufficient for our present purpose to

mention without description the two measures taken by America which were most important for the Allied system. The Food Controller acquired full authority over food and henceforth made block agreements, at fixed prices with the Allies, instead of leaving them to buy from individuals. The War Purchase and Finance Board, under American chairmanship, but meeting in Paris and London, arranged the allocation of credits for American purchases and for this purpose acted upon the advice of the Programme Committees.

In France, Italy, and America, as well as in Great Britain, therefore, we find by the end of 1917 a system of control, both of ships and supplies, which, with many variations of form and method, was complete and effective.

CHAPTER II

THE AUTUMN OF 1917

The General Shipping Position. Its Gravity. Its elements of hope. Improvement of National Organization. Need for Allied Organization. The Agreement of November 3, 1917. Its essential principles: 'pooling' of use of tonnage; equal sacrifice. Negotiations with American Mission.

IN the autumn of 1917 the prospect was less desperate than in the spring, but the actual pressure on shipping was even greater; 17,000,000 tons d.w. of the world's tonnage had been lost and less than half had been replaced. Great Britain alone had lost 10 million tons d.w. and, even after allowing for the ships she had captured as well as those she had built, had sustained a net loss of over 4 million tons d.w. France and Italy had lost about 2 million tons d.w. and had built practically nothing. Still more ominous and menacing was the fact that considerably more tonnage was lost in the first ten months of 1917 than in the previous thirty months of the war. Nor had America yet begun to build seriously. At the same time the demands of the war upon shipping were greater than at any previous period. All the distant expeditions (except the long-abandoned one to the Dardanelles) were fully maintained, and both troops and supplies were being sent to Salonica, Mesopotamia, Palestine, and East Africa. Drafts were still required from Canada, South Africa, Australia, and New Zealand. The scale of the war in France was continually increasing and the development in the character of warfare was constantly involving a larger expenditure of munitions and a larger ratio of supplies. The Navy was at its maximum strength and its demands on merchant tonnage for its anti-submarine activities alone were very heavy. As a climax to these difficulties were the anticipations of the most serious food troubles throughout the winter and spring in Great Britain, France, and Italy alike.

The way in which the position presented itself at the time is shown in the document reprinted on p. 285. Perhaps it was

fortunate that some of the worst factors in the problem were then unknown. It was impossible to anticipate that shipping was to be frozen up in the harbour of New York by an unprecedented frost, that all the coal supply of France would be dislocated by a German advance on the Pas de Calais coalfields ; that military disasters would require (and would obtain) the transportation and supply of more than twice the number of American soldiers originally contemplated.

In merciful ignorance of these new troubles of the future it was easier, as it was essential, to keep a balanced judgment under the almost overwhelming pressure of the daily requirements by taking a somewhat longer view. The brighter features in the position were that the immense building resources of America promised ultimate relief if only the next year could be endured ; that the losses, though three times greater in 1917 than in the earlier years of the war, were far lower at the end of that year than at the beginning ; and that the organization both of shipping and supplies was now much more adequate to its task.

In the autumn the British Cabinet took energetic measures. They established a Committee of Cabinet Ministers with instructions to effect a much more serious reduction in the British supply programmes than had ever been attempted. This Committee succeeded finally in making arrangements which gave the shipping authorities rather more breathing space than they had had throughout the year. The reductions gave the inestimable advantage of a small margin of tonnage outside that allotted to British supplies which could be used to meet the current emergencies of the Allies while the new Allied organization was still being formed.

NATIONAL ORGANIZATION AT THE END OF 1917

The British Ministry of Shipping by this time had full and effective control of all British ships, over their every voyage and their every cargo. Shipments even on the liners were made in accordance with official orders with just sufficient margin and elasticity to enable the local organization of the owners to be used and to secure the best loading of the ships. These orders to the

liners and the allocation of the fully requisitioned tramps were both arranged on the basis of a single central plan for all British transport requirements and for any Allied transport for which the British Government had accepted responsibility. A complete system was in working order for supervising every vessel and making the utmost use of return voyages. In addition, the voyages and movements of all Allied vessels (and indeed of all ocean-going vessels in the world) were known and carefully watched. Central control of shipping, indeed, was not yet achieved but much of the information and organization required for it were already available.

The control of supplies, too, had become much more complete and effective. The numerous controls of the different commodities were now grouped under a few big departments. Their experts and officials had gone far towards acquiring the knowledge, the point of view, and the habit of corporate work necessary to frame central programmes and to determine the comparative importance of the various supplies. The necessary reductions were grave, but it was becoming possible to forecast and to distribute them beforehand on the basis of a general plan. The supply departments were able through their detailed organizations to take the necessary measures to minimize the evil consequences. Consumption and production might have to be restricted, but it was now possible to prevent spasmodic shortages; to prevent industries being brought to a sudden standstill by the lack of some particular raw material while other supplies were being left unused; to avoid the risk of starvation following upon unnecessary consumption. The way in which the most important reductions were arranged by a Cabinet Committee in Great Britain has already been described. Similar work was at the same time done in France by a standing committee under the chairmanship of the Minister of Commerce. For Italy the problem was somewhat less intricate because all her imported supplies were almost negligible in comparison with her two main import requirements of coal and cereals and both of these were, and had been for some time, under close and effective control.

The national organization, therefore, which is the indispensable condition of international control of the kind later developed, was

already in existence and effectively working. It was, however, for the time being, working in each country with very little relation to the corresponding work in other countries. There was indeed consultation from time to time between the Munitions Ministers and experts of the three European Allies; the Wheat Executive was already examining, and to a large extent deciding, the wheat purchases and supplies of these three countries on the basis of a single and comprehensive survey of the position; the British shipping authorities were in close contact with the Allied authorities who needed British transport. This inter-Allied co-operation, however, was very tentative and incomplete. With few exceptions each country was ignorant of the nature of the needs of the other countries. There was no means of saying whether in any particular commodity, or in general, the standards of sacrifice and restriction were approximately equal or not.

It was, however, becoming evident by this time that such information, and action based upon it, were essential if the grave transport difficulties of the ensuing winter were to be endured. The question was advanced by the visit to England of the French Minister of Commerce. He had been convinced by the work of the Committee over which he had presided in France that it was essential for France to have further assistance during the winter, that the effective application of a principle of equal sacrifice would give her extra assistance, and that the most pressing need of all was to share the importation of food, and especially of wheat. Continuous discussions took place in the early days of November between the French Minister of Commerce and British Ministers and officials on this subject. In the actual shipping position it was obvious that any new organization would in fact mean the supply of further British ships to France and Italy, and some limitation upon the British control of those ships. There was, moreover, insufficient information to enable a principle of equal sacrifice to be applied exactly. There was, therefore, a not unnatural fear that the acceptance of such a principle would present many dangers from the British point of view. This fear is reflected in the tentative character of the development which is explained and illustrated in the documents printed at the end of this book.

AGREEMENT OF NOVEMBER 3, 1917

The discussions between the French and British Governments referred to above were enlarged by the association of Italian representatives and resulted in an important agreement of November 3, to the following effect :

The Governments of Great Britain, France, and Italy find that owing to the failure of the French and Italian harvests, the submarine warfare, and other causes, there is not sufficient tonnage for all their wants. They consider that, of these wants, food is the most important, and can be treated separately ; the amount of food that has to be imported is known ; and they think that the burden of providing the tonnage for carrying it should be a common charge on all the Allies including the United States ; but inasmuch as the need for an immediate arrangement is pressing the three Governments are prepared to accept the responsibility of providing the tonnage that may be required *proportionally to their respective means of transport* with or without the help of the United States.

The three Governments further agree that they will proceed forthwith to examine the other hardly less important needs of the Allies.

This agreement is not very lucid in its terms. It might mean much or little, according to the interpretation placed upon it. It seemed to contemplate a pooling of tonnage for food but not for other imports. But the tonnage was to be provided ' *proportionally to the respective means of transport* '. This could not mean the mere application of a mathematical formula. It would have been absurd to say that if Great Britain, for example, had 7,000,000 tons engaged in importing, France 2,000,000 tons, and Italy 1,000,000 tons, the tonnage required for the agreed food programme of the three countries should be provided in the proportions of seven, two, and one, without regard to the nature of their needs. The only other interpretation, however, was that shipping should be allotted after a common examination of all the demands upon the interchangeable tonnage of the three countries. This in practice almost did away with the distinction made in the agreement between food and other imports, except that it expressed some recognition that food should in general have priority. The agreement, therefore, in spite of the obscurity of its terms, was of great importance because it practically admitted the principle of pooling the use, though not the management, of tonnage for all purposes.

The next fortnight was devoted to working out the main lines of a more detailed agreement and organization to give effect to this principle. The kind of considerations involved is shown in a memorandum produced on p. 281.

NEGOTIATIONS WITH AMERICA, NOVEMBER 1917

In the meantime the area of negotiation was widened by the arrival of an important American Mission in London under Colonel House, accompanied by a member of the American Shipping Board, and on November 20 the following important principles were suggested by the British Government and proved generally acceptable to the American Mission :

(a) That America, France, Italy, and Great Britain should all tabulate and make available to each other a statement showing in detail, and as nearly as possible in the same form, each class of requirements for which tonnage is needed, and, secondly, the tonnage now available and likely to be available in future through new building, &c. These having been classified (showing the source of supply, &c.), and having been adjusted (1) to secure a reasonably uniform standard of adequacy both as between classes of commodities and as between countries; and (2) to bring the total within the carrying capacity of the Allies as a whole, would form the basis on which the general allocation of tonnage would be determined. The calculation would be revised at convenient intervals in the light of losses, new building, war requirements, and other factors in the problem; but it would be an essential feature of the scheme that, subject to such periodical re-allocation, each nation should manage and supervise the tonnage under its control.

(b) That all four countries should agree that the neutral and interned tonnage obtained through any channel and by whatever country should be used in such a way as to increase by an equal extent the tonnage in direct war services, the extra tonnage being allotted, so far as practicable, to the most urgent war need of any of the Allies. The method of allocation must be worked out later, but it is important that the principle should be recognized that it is urgency of war needs and not the method by which the tonnage has been obtained that should be the criterion.

(c) Steps to be taken to bring into war service all possible further tonnage, such as in South America, &c.

(d) Control over cargoes carried to be such as to ensure that they satisfy the most urgent war needs in respect of which the tonnage has been allotted.

It was understood in connexion with these resolutions that

Allied bodies for the different main requirements, for food, munitions, and raw materials, would be formed on the model of the Wheat Executive, and the hope was expressed that America would be associated with these bodies, and that she would at the same time send a shipping delegate to London.

This represents the point reached in the negotiations for a new Allied control organization before the Paris Conference of a week later at which the final decision was taken.

CHAPTER III

THE FORMATION OF THE ALLIED MARITIME TRANSPORT COUNCIL

The Paris Conference of November 1917. The 'Special Committee for Maritime Transport and General Imports'. The Memorandum presenting the problem and proposing a solution. Agreement on principles of co-operation. The rejection of the proposal of an International Executive Board. The acceptance of the 'Wheat Executive' principle. The formation of a Council of Ministers and a permanent Executive.

THE Paris Conference which began on November 29, 1917, was perhaps the most impressive expression the war had seen of both the range and unity of the Allied effort. Delegates were present from practically all the Allies united in war against the Central Powers. The representative of another great Power, the United States of America, now joined for the first time in formal conference those of France, Great Britain, and Italy. The earliest combatants, Belgium and Serbia, found with them the later entrants, such as Greece, Roumania, and Portugal. The Far East was represented by China and Japan. Cuba, Montenegro, Liberia were there, and even Russia, though far gone in the throes of her revolution, was represented by an officer who derived his authority from the days in which she had been an effective Ally. Perhaps no such vivid presentation has ever been given of the infinite range and vitality of the countries and forces united in the Allied cause as on the day on which each of these representatives described in turn, in a series of remarkably eloquent speeches, the economic position of his country and the nature of her contribution to the war. The Conference thus afforded a unique opportunity for the creation of a new instrument to achieve and to enforce Allied unity of effort.

The Conference at once divided into two main sections—the first military and the second economic. The second formed special committees for various economic questions, and among these, as it was clear that shipping was at the root of the whole economic

position of the Allies, was a 'Special Committee for Maritime Transport and General Imports'.

It is with the work of this Committee alone that we are here concerned.

The full Committee included representatives of practically all the Allies, but the detailed work was carried on by those of America, Great Britain, France, and Italy, who met continuously from day to day both formally and informally.

The document handed in by the British representatives and reprinted on p. 285 was taken throughout as the basis of the discussions.

That document, it will be seen, begins by describing the general shipping position which has been briefly summarized in the preceding chapter. It then proceeds to an argument that America was in a position to give substantial tonnage assistance to the European Allies. At this date it was contemplated that the American Army would be transported at a rate sufficient to secure 1,000,000 men in France by the end of 1918. On this basis the argument that America could supply tonnage was perfectly sound. The position was, of course, completely changed after the military reverses of the following spring. American soldiers had to be hurried over so rapidly that there were 2,000,000 men in France by the autumn instead of 1,000,000 by the winter. With the earlier and less ambitious military plans before them the Committee agreed upon a statement representing the demand which in their opinion the situation made upon America.

This statement urged (a) an American building programme at the rate of 6,000,000 tons gross (i.e. 9,000,000 d.w.) instead of 6,000,000 tons d.w.; (b) the immediate provision of 500,000 tons d.w. of American shipping to assist France and Italy and the gradual increase of this amount to an average of at least 1,250,000 tons.

The Committee further urged that America should take every possible step to bring into war service neutral and interned vessels then idle or engaged in civilian work; that she should obtain the maximum assistance from Japan; and that she should reduce her own requirements of imports, e.g. by restriction of civilian consumption, and should requisition drastically from her own trade.

Action of this kind was of course within the sole competence of America, and the Committee could do no more than present to her their own view of the necessities of the situation.

Their consideration of a form of co-operation in which all the great Allies would combine was of much more practical importance and more within their own sphere of competence as an Allied Committee.

PRINCIPLES OF CO-OPERATION

Within this sphere the Committee agreed, by unanimous resolution of the delegates of the four great Powers, that it was necessary to arrange a form of co-operation which would secure the following objects :

(a) To make the most economical use of tonnage under the control of all the Allies.

(b) To allot that tonnage as between the different needs of the Allies in such a way as to add most to the general war effort ; and

(c) To adjust the programmes of requirements of the different Allies in such a way as to bring them within the scope of the possible carrying power of the tonnage available.

Considerable discussion ensued as to the main principles on which this co-operation should be secured. Some of the delegates thought that it was practicable to form a pool of tonnage in the fullest sense and to entrust its management to an international board with full executive authority. This proposal had been discussed in the earlier meeting in London, but those who had most experience of the actual work of controlling shipping were strongly of the opinion that it was impracticable. The reasons are discussed at length in Part V of this book. It is sufficient to say here that the arguments which had prevailed in London ultimately carried conviction in Paris too, and that the Committee expressed their decision on this vital question in the following report based upon the document presented to them by the British representatives :

An International Board with complete executive power over a common pool of tonnage had been proposed, but has been rejected for the following reasons :

It would be difficult for any country, and particularly for America or Great Britain, to delegate absolute power to dispose of its tonnage (which is the basis of all its civilian and military requirements) to a representative in an International Board on which he might be outvoted. Such a Board,

moreover, would not lead to administrative efficiency, partly because the complete control of all tonnage can scarcely be well concentrated in one place and partly because representatives upon it would tend to be at once out of touch with the actual administrative machinery and at the same time scarcely invested with sufficient authority to make reductions in the various supply programmes, munitions, food, &c.

The Committee proceeded to enunciate the principle that

The problem of the allocation of tonnage is largely a problem of securing that the different requirements which make demands upon tonnage should be adjusted in the fairest and best way, and these requirements can only be so restricted by the experts in each class of commodities. It is, for instance, impossible for any except the munitions experts of the different Allied countries to deal with the restriction of the Allied munitions programme within specified limits.

The Committee therefore endorsed the recommendations already made at the London discussions and recited at the end of the previous chapter. Of these, the essential principle was that all Allied programmes should be examined together and that they should be reduced to an equal standard of adequacy and that all Allied shipping should be allotted on the basis so obtained.

To give effect to these recommendations the Committee considered that Allied bodies for the different main requirements for food, for munitions, and for raw materials, should be formed on the model of the Wheat Executive, America being associated with these bodies.

THE A.M.T.C.

So far the Committee had followed very closely the recommendations made to them as the result of the discussions in London. The elementary principles of co-operation had now been discussed, formulated, and agreed ; but the enunciation of sound principles, as many previous conferences had shown, is of little use in itself. Fortunately the Committee went further and considered the organization necessary to give effect to them. The Committee declared that it was ' necessary in order to obtain decisions by the respective Governments that each country shall designate one or two Ministers—the United States one or two special delegates—who will be responsible towards their respective Governments for the execution of the agreements arrived at and who will meet in

conference as Allied representatives as may be necessary from time to time, whether in Paris or in London, according to the circumstances of the case, either on their own motion or at the request of the Executive Departments'.

Finally the Committee resolved that 'for the purpose of carrying out the common policy above indicated the appropriate Ministers in France, Italy, and Great Britain, together with representatives of America, shall take steps to secure the necessary exchange of information, and co-ordination of policy and effort, establishing a permanent office and staff for the purpose'.

These recommendations were adopted by the Conference, and the appointment of the 'Ministers and delegates' and the establishment of the 'permanent staff and office' constituted the organization of the Allied Maritime Transport Council and its Executive.

CHAPTER IV

X THE FIRST MEETING OF THE COUNCIL (MARCH 1918)

Shipping Problems in the first months of 1918. Stress and anxiety at this period. Contrast with the superficial appearance. Allocation of Tonnage on basis of Wheat Executive programme. Coal for Italy. Coal for France. Difficulties of supply and discharge. First Meeting of the Council (March 11, 1918). The first World's Balance Sheet. Dutch Tonnage. The French Coal Committee.

UNDER the authority of the decisions of the Paris Conference, and by the instructions of their several Ministers, the officials who subsequently formed the Allied Maritime Transport Executive at once began to organize and develop their new work. This was a problem partly of constructing a new organization and partly of preparing their several national departments for the new methods and the new principles. In the midst of this, however, they found themselves plunged into the practical problems of finding and allotting ships for the most urgent requirements of the moment.

The needs were indeed too pressing to wait for any new organization. The spectre of famine was more terrifying than at any previous period, and the cry for more ships to transport food was only one of a host of equally insistent, but mutually destructive, claims for transport.

It is difficult to present an adequate picture of the stress and anxiety under which the competing demands for transport were dealt with in the last year of the war. The reader must remember that the uses of the supplies for which ships were asked were multitudinous beyond the detailed knowledge of any human brain. The many competing claims upon the single pool of ships were, it is true, each represented by their own experts. But the demands put forward as the minimum, failing which disaster must result, by all these different groups were always in total beyond the capacity of the shipping available; and it was a task of extreme difficulty to decide between them. Now and then disaster was

indeed within a few days. At one period six sugar ships were torpedoed in a few days and the central stocks of sugar in Great Britain were reduced to ten days' consumption. Normally, the disaster was a little more distant, but even more serious. And the stress was the greater through the contrast between the situation as it was seen by the few people concerned with the control of ships and the comparative complacency of both the public and the greater part of the official world. The whole supply system went on with few visible signs of the weakening of its foundations—and so it would go on till the moment of the crash; when the crash would come could not be foretold, but on the best expert evidence it was likely to come at any moment and seemed certain to come soon. I remember a visit paid to Paris with the chairman of the Wheat Executive and the head of the Commercial Branch of the Ministry of Shipping in January 1918. There was for a moment a lull in the military struggle, both sides preparing for the final contest of the spring and summer. Shipping losses had continued in excess of building throughout the previous year. But their seriousness had been disguised by the figures of arrivals, which included the arrivals of small coasting vessels never seriously at risk. The harvests in Great Britain and France and Italy had all been poor and starvation was threatened in all three countries before the end of the summer. But the supplies of the last harvest still met current consumption. Munitions declared to be vital for the next campaign had been ordered in America for delivery beyond any probable capacity of the tonnage to carry them. But the stocks in France were still sufficient for current needs. The whole mechanism of civilian and military life was threatened but for the moment was unhindered in its daily operation. Food and munitions were both demanding, on pain of crushing disaster in the near future, more and yet more ships. But there were no more ships for food except at the expense of munitions, or for munitions except at the expense of food. The only hope of relief was to increase the supplies of wheat from the nearest source, North America. We came to arrange a joint telegram of appeal from the three Prime Ministers of the European Allies—an appeal duly sent and generously answered. Paris and Versailles, as we arrived, were beautiful as in the days of peace in the splendour of sun and

brilliant weather ; most of the comforts of life seemed still available ; there was little to suggest the hidden stress except the darkening of the streets in the early evening. But coming to find some relief for food, we were at once met with a new crisis : a threatened shortage of the coal on which transport for military operations depended. And within a few weeks the benefit of America's additional supplies of food were to be largely destroyed by the disaster of an unprecedented frost on the Atlantic coast immobilizing shipping for some weeks. A few weeks later the coal crisis was to be rendered still more serious by the German advance on the northern coalfields and the whole shipping position by the threat to the English Channel. A little later still the problem was again to be changed by the need to transport an immensely increased American Army and their supplies to meet the military disasters in France. In the meantime ships had to be allotted to one service or another with results that those taking the decisions could not possibly forecast. Any one of the current decisions of the day's work might be the one that would bring the crash. . . . It was like hearing the tapping of the sappers constructing a hostile mine which the rest of those who were threatened failed to detect—and waiting for the last ominous silence before the explosion.

PROGRESS OF ALLIED METHODS

For the time the work had to proceed on the old method of negotiations between the British authorities and the Allied supply departments. But the agreement of November 3, which preceded the decision to form the A.M.T.C., steadily drove action on to international lines even before the Council itself was formed.

The Wheat Executive already bought and distributed on an Allied basis, adjusting the several quantities as nearly as could be determined in proportion to the real needs of the different countries. At the beginning of March the British Ministry of Shipping agreed, under certain conditions, that they would supplement the Allied tonnage with British ships so as to enable this programme to be carried out. Henceforth the three countries each had the ships required for their agreed shares of the supplies, or if deficiency was inevitable, shared it in approximately

equal proportions. This replaced the old arrangement under which France and Italy, with the aid of a fixed and limited number of ships for all purposes, found the transport for their own wheat or, failing to find it, lost their cargoes. In practice each country now ordered the ships under its own control to loading ports and Great Britain 'diverted' the required amount of space in her liners, or the required number of tramp transports, to France and Italy by orders to the loading ports. This marked a development of the greatest importance and several of the documents reprinted in Part VI of this book (see p. 310) illustrate the difficulties of the new method and the not unnatural reluctance of the British Ministry to be committed to it. For when Great Britain undertook to supplement the deficiencies of French tonnage sent by the French Government to lift French wheat, it followed as a necessary consequence that the allocation of French tonnage to other purposes (e.g. the conveyance of cargoes of a commercial rather than of national importance) meant the diversion of extra British tonnage to the wheat programme. The agreement was therefore subject to the condition that 'the Ally from whom tonnage is requested is satisfied as to the allocation of the tonnage and the arrangement of the supply services of the Ally claiming it'. This condition gave the British Ministry a theoretical right to exercise some control over all Allied supplies. The practical exercise of this right was, however, restricted by the limits of its knowledge. The programmes themselves were, of course, known but it was a very different matter to determine the real importance of the different needs behind them. The exercise of the control in fact required a full knowledge which the Programme Committees were afterwards created to obtain. In the absence of this organization, continuous British pressure rather than real control was exercised. This pressure did indeed result in certain economies in the use of Allied transport and considerable reductions in the Allied programmes. The penal character of the condition was, however, held in reserve. It was not in fact enforced, and tonnage was duly allotted in accordance with the wheat programme. There were, of course, months in which tonnage allocations were short; but on the whole, both before and after the constitution of the Council itself, transport was henceforth arranged for both France and Italy

on the basis of their agreed shares. In the first month after the letter of March (April 1918) 109,000 tons of cereals were 'diverted' to France and 92,000 tons to Italy.

COAL FOR ITALY

The next most urgent question was that of Italian coal. Italy produces practically no coal herself, her annual pre-war coal output being less than 750,000 tons. Her industries, both before and during the war, were dependent upon imported coal, and in 1913 she imported and consumed 11,000,000 tons. Under the pressure of the shortage of both coal and ships during the first two years of the war, her consumption had been reduced to between 7 and 8,000,000 tons (in spite of the needs of her munition manufactures), and it was just possible for her to manage on this quantity. In 1917, however, her monthly imports had only averaged about 440,000 tons, or only a little over 5,000,000 tons for the year, and she had made up the balance by drawing upon her reserve stocks. Now when the difficulties of transport were greater than they had ever been, these reserve stocks were exhausted, and it was necessary to arrange the transport of an extra 160,000 tons a month unless her consumption was to be reduced below 600,000 tons, which would have meant a dislocation both of her railways and her manufactures. The Italian claim was that Italy's annual need was for 800,000 tons a month, and that 690,000 tons was her bare minimum. After a careful examination by the Allied officials in relation both to the Italian needs, the general shortage of tonnage, and the nature of the other supply programmes, which would necessarily be prejudiced by the allocation of extra tonnage to Italy, it was admitted that even under the extreme pressure of the time the dispatch of 600,000 tons a month must be assured. The provisional assent of the British Ministry of Shipping, upon which the practical task of finding the extra ships would necessarily fall, was obtained subject to confirmation by the Council when it met. These arrangements were made during February, and executive action was begun without waiting for the meeting of the Council in the next month. In fact, in the first complete month after the arrangement took effect, 625,000 tons were dispatched as compared with the average of 440,000 tons of the previous year.

At the same time the contact of the officials of the three countries in the negotiations enabled an important economy in coal transport to be effected. Hitherto all coal to Italy had gone by sea from the United Kingdom. It was calculated, however, that a considerable saving in sea transport, and some reduction in submarine risks, would be effected if Italy could receive a part of her coal from the French southern mines (France being compensated by extra Channel shipments) and a part from coal shipped from the United Kingdom to a French port and then railed across France. This meant a saving of sea transport at the expense of extra railway transport and involved elaborate and intricate arrangements dependent upon the co-operation of the coal, shipping, and railway authorities of the three countries. The following scheme was finally worked out and agreed :

- A. 150,000 tons of British coal to go by sea route to Italy ;
- B. 100,000 tons of British coal to go to the French Bay port Blaye and be railed across France ;
- C. 270,000 tons of French coal to go by rail to Italy ;
- D. 180,000 tons of French coal to go by rail to the south of France and then by short sea passage from Marseilles or Cette to Italy. France was to receive compensating coal and transport for the French coal so supplied.

This scheme was recognized as involving a great and perhaps impossible strain on the railway system in France, which was of course subject to all the changing exigencies of military operations. In the event the strain thrown on the railways by the German advance in the spring interfered with the complete execution of this plan and a larger proportion of the coal had to be sent by the long sea route. An average of over 300,000 tons a month, however (as compared with the 450,000 tons of the programme), was dispatched either wholly or in part by rail and the relief afforded to the long sea transport was of great importance.

COAL FOR FRANCE

One of the constant difficulties experienced both in arranging and in executing the scheme was the determination of a basis on which to compensate France for the supplies of French coal sent to Italy. It was, of course, useless to provide that 350,000 tons

extra should be shipped to France without determining clearly what was the amount to which this quantity was to be additional. And this was a matter of extreme difficulty. During 1916 and 1917 the imports of coal from the United Kingdom to France had averaged 1,500,000 tons a month. It was urged that in view of the increase in the manufacture of munitions and for other reasons this quantity was insufficient. The determination of a minimum figure for France was much more difficult than for Italy because of the greater variety and complexity of her factories dependent upon coal, the more variable needs of railway transport for military purposes, and her greater domestic consumption. A purely provisional figure of 1,740,000 tons was adopted as a working standard without any real assurance that it could be attained. In the result the standard proved useless and the whole replacement arrangement was rendered ineffective because ships ceased to be the limiting factor. The French ports were only able to receive a quantity which was considerably and obviously below any theoretical quantity for which France was entitled to transport under the above agreement, and the strict determination of the standard therefore ceased to be necessary.

These were the most important of the definite tasks with which progress was made before the organization was formally established.

In the meantime an informal meeting of representatives of the four countries, held at the Foreign Office in London in February, made the final arrangements for setting up the new Allied organization; chose its name ('The Allied Maritime Transport Council'); provisionally appointed its secretary; and decided that the Council itself should meet in March.

FIRST MEETING OF THE COUNCIL

The Allied Maritime Transport Council met for the first time and was formally constituted at Lancaster House, in London, on Monday, March 11, 1918, and continued in session until Thursday, the 14th. It had a full attendance of members (see p. 298) and in addition some six Allied Ministers and about thirty responsible officials were in attendance. The Council during this session approved the plan proposed for the transport of Italian coal and the supply of replacement coal to France. It authorized

the appointment of a permanent staff of the Council and the provision of the executive machinery in accordance with plans already prepared and submitted to it, and transacted a considerable mass of formal business. In addition, however, it received and considered a balance sheet of the imports requirements of the Allies as a whole and the carrying power of the tonnage available to meet them. This first balance sheet is of interest as being the first formal document of the kind ever prepared. Its chief importance, however, consisted in indicating the range of the work that still required to be done before any balance sheet could be prepared upon which executive action could properly be based. No information could be included for America, and that as to Italy was very incomplete. Moreover, although the British figures, which were based upon the recent and drastic revision made by the Cabinet Committee, showed a reduction in requirements of 4,000,000 tons, no similar revision had at that time been made in the other national programmes, and the figures were therefore not upon a comparable basis. On the tonnage side it had not been possible to allow for the carrying power of any additional neutral vessels (e.g. Dutch and Swedish) which might be obtained, or of interned vessels (e.g. those in Chili), the use of which was also possible but hypothetical. The net result of the balance sheet as prepared was to show that the tonnage available was only enough to import a quantity less by 10,000,000 tons than the imports shown as required, which was equivalent to a deficit of 2,200,000 tons d.w. shipping continuously employed. The elimination of some 10,000,000 tons, either by a prior reduction in the programmes themselves, or failing that by the allocation of the ships, was therefore the task that confronted the new organization.

DUTCH TONNAGE

At the same time, however, the Council considered one method of relief to the situation which, though not immediately, proved later of substantial assistance. Nearly 500,000 tons d.w. of Dutch tonnage had been lying idle some time in American ports, partly because of the submarine risk and partly through the pressure put by the German upon the Dutch Government. The scheme con-

sidered at this meeting, though a promising one, proved abortive and need not therefore be here described.

One further measure of importance was taken at this meeting of the Council in connexion with the transport of coal. A committee, composed of representatives of the Italian Government and of the French Ministry of Public Works, was appointed to sit in Paris and watch the actual expedition of coal to Italy day by day and to keep the Secretary of the Council informed.

By the middle of March, therefore, the new organization, though undeveloped and incomplete, was already plunged into the midst of the main problems which were to occupy it during the following six crucial months.

CHAPTER V

SECOND MEETING OF THE COUNCIL (APRIL 1918)

Work of the Executive in March and April. Difficulties of Coal Supply. Economies in Shipping Arrangements. Second Meeting of Council (April 1918). Programme Committees established: detailed resolutions. Neutral Tonnage. Belgian Relief. American Transport.

IN the month which elapsed between the first and second meetings of the Council, the Executive now constituted and in working order made considerable progress with their task. They at once experienced difficulties in the execution of the coal programme as the result of the German offensive in March, which had the following immediate consequences. In the first place, Allied troops were at once recalled from Italy and this military movement interfered with the railway transport of French coal to Italy. The estimate at first furnished was a reduction of 2,000 to 2,500 tons a day for a fortnight, which would have only reduced the 350,000 tons going by this route to about 310,000 tons. The Executive, however, decided, and as the event proved rightly, that it would be wise to allow for a much bigger reduction. They arranged for 100,000 tons of British coal, which had been destined for Gibraltar and the Mediterranean, to be at once diverted to Italy, the stocks at Gibraltar being replenished a little later by sending British and French liners there with a cargo before their dispatch across the Atlantic. The second consequence of the German advance was even more serious. It reached near enough to the Amiens-Montdidier line to make the passage of coal along that line difficult and dangerous, and the result was that the supply of coal to Paris from the Bruay mines was largely reduced.

Under the revised arrangements 388,000 tons of British coal were dispatched to Italy and 236,000 tons of French coal, as compared with the original programme of 250,000 British and 350,000 French.

During the same month the permanent staff of the Council was organized into its different committees and their several functions and duties were defined (see p. 298).

SHIPPING ECONOMIES

At the same time many useful economies were effected by a detailed examination of the employment of Allied shipping programmes. Some of these, which are typical of a large number made during the ensuing months, may be mentioned here as illustrating the daily work of the Executive. The Italian Government possessed a number of fast passenger liners with a large consumption of bunker coal and small cargo-carrying capacity. They had, however, few needs for the transport of passengers and a very urgent need for the transport of food. In these circumstances it was not unnatural that they should have used a number of these vessels for the conveyance of food to Italy. Simultaneously, Great Britain and America required to carry large numbers of American troops and were using for this purpose some vessels which were less suitable for passenger carrying than the Italian liners. As soon as this fact was revealed an arrangement was made by which the Italian vessels were used for the conveyance of the American troops, while extra British tonnage was given to Italy to compensate her for the food transport she thus lost. This resulted in a real net economy to the advantage of all parties concerned. The same examination showed that the French fleet in the Eastern Mediterranean was being coaled to a large extent by shipments of coal in large colliers to Bizerta, then transhipped into smaller French vessels for conveyance to fleet bases of Salonika, &c. This meant considerable delay, but could not well be avoided without the use of tonnage outside the control of the French Government itself. A saving was again effected by sending the coal direct to the fleet and using hulks instead of ships to store it till required. Great Britain, again, had chartered certain neutral tonnage suitable for nitrates, but only on condition that it should not be used in the war zone. The only way she could employ this tonnage for her own requirements was to ship the nitrates from Chili up to a North American port and then transship into a British vessel. Simultaneously, however, America was transporting nitrates from Chili to North America for consumption in America itself. It was an obviously economical arrangement to use the neutral tonnage under British control to take nitrates to North America for con-

sumption there in return for conveyance by American tonnage of nitrates direct from Chili to Europe. Here again the arrangement, which was only possible by combined action, was to the advantage of all concerned. These are only three of a considerable number of similar arrangements made during this and the following months.

SECOND MEETING OF THE COUNCIL

The Council met for its second session at Paris during a grave crisis in the Allied position. The German advance had dislocated the coal supply of northern France and disorganized the railway transport. Some of the British representatives had to reach Paris by motor car from Boulogne. Those who went by rail took thirty hours to travel from Boulogne to Paris. This was an appropriate preface to the first question which occupied the attention of the Council, the supply of coal to France for the critical needs of the moment. The general position was summed up in a brief speech by the French Minister of Munitions. The Pas de Calais mines had a normal output of 900,000 to a 1,000,000 tons monthly. The great bulk of this coal was railed south and was an essential part of the supplies of Paris and the surrounding country. It was anticipated that hardly any of this quantity could be sent south in the near future, partly because the movement of troops and supplies necessitated the railways being kept clear of traffic and partly because the mines were directly threatened by the Germans and the coal output itself was considerably reduced. It was estimated that some 400,000 to 450,000 tons monthly of extra British coal would be required to redress the balance. Such was the general effect of a grave report of a special coal committee which sat and arrived at its conclusions while the Council was in session in Paris.

PROGRAMME COMMITTEES ESTABLISHED

This, however, was only one of the problems that confronted the Council, and indeed one of the least important, because, as the event proved, the supply of coal to France could not be substantially improved by providing more tonnage. More important was the Council's consideration of the revised balance sheet of import and tonnage prepared by the Executive and the decisions

they arrived at in consequence. Only slight progress had been made in reducing the deficit of 10,000,000 tons of imports, for as soon as a reduction was made in one direction some new military demands would appear from another, and in the estimates presented at this meeting the deficit still stood at 8,500,000 tons. The Council considered the situation at great length, the discussion centring round three main points : (1) the immediate reduction of the programmes of import requirements ; (2) possible sources of supplementary tonnage for imports, e.g. by a reduction of the tonnage then reserved for naval and military purposes ; and (3), the extension of the system of Executives or Programme Committees with a view to scrutinizing the whole area of import requirements. The resolutions which the Council adopted particularly with regard to the third of these subjects were of great importance, as they constituted the authority for the definitive constitution of the Programme Committees, and it will be well to quote the whole of them at this point.

RESOLUTIONS

(i) The Allied Maritime Transport Council has considered and adopted the appended statement of the general import and tonnage position.

(ii) In view of the gravity of the situation as disclosed by this statement, the Council consider it to be their duty to bring the position before their respective Governments with a view to immediate action.

It is clear to the Council that the deficit is so serious that it cannot be met without a reconsideration of the military and naval demands as well as the requirements of imports, particularly in view of the fact that any further drastic reduction of imports would have important military effects, as a large proportion of them are destined for military uses. The import of coal into France, for instance, so far from being capable of reduction, requires to be substantially increased as an immediate military necessity arising from the present offensive ; and the military necessity for maintaining and if possible increasing the supply of coal into Italy is well known.

The Council feel that if the deficit falls (as in the absence of a pre-arranged plan it must fall) in a relatively haphazard manner and at short notice upon the several services, whether import, naval or military, which demand tonnage, the resulting dislocation and disaster are likely to be much more serious than if anticipatory measures had been taken.

(iii) In these circumstances, the Council considers that the following action is necessary :

(a) That a further drastic revision of the import programmes of the several countries should be undertaken, and that the necessary orders to this end should be given to the appropriate national and Allied bodies which are now entrusted with the duty of arranging reductions and adjustments of programmes.

Further, that in order that this work may be adequately performed, either Allied Executives or Allied Committees appointed specifically for the purpose of adjusting Allied programmes of imports should be constituted immediately to deal with such commodities as are not dealt with by existing Executives.

Further, that it is desirable that there should be an American representative on each of these Executives or Committees who would be a full member in the same sense as the representatives of the three European Allies.

(b) That the permanent organization of the Council should examine the possibility of rendering available for import work any vessels hitherto regarded as unsuitable.

(c) That there should be an examination by the appropriate military authorities of the Allied Military Supply programmes (including the American programme), with a view to ascertaining in what ways the demands on mercantile tonnage could be diminished.

(d) That there should be a similar examination by the Allied Naval Authorities of the possibility of reducing the demand by the Allied Navies on mercantile tonnage.

(iv) Monthly statements of the actual imports into the four countries during the preceding months shall be furnished to, and made available for use by, the permanent organization of the Council.

(v) The permanent organization shall prepare for the information of the Council a regular monthly statement of the tonnage position.

(vi) For the revision of the import programmes indicated in paragraph 3 (a) above the Council approves the detailed procedure described in the following statement :

Le Conseil Allié des Transports Maritimes reconnaît que la juste répartition du tonnage ne peut être assurée sans une étude approfondie et une discussion technique des programmes joints.

A cet effet, le Conseil décide de confier la préparation de ces programmes aux Exécutives existantes ou aux Exécutives qu'il paraîtra expédient de constituer, ou, à leur défaut, à des Comités dits 'des Programmes', qui devront être immédiatement constitués.

Dès que la liste de ces Exécutives ou Comités des Programmes aura été constituée par le Bureau permanent du Conseil, les Gouvernements associés s'engagent à en assurer le fonctionnement immédiat en désignant aussitôt leurs représentants.

Les Exécutives ou Comités des Programmes sont invités à réunir et examiner d'urgence les demandes des divers Alliés et à présenter avant

la date du 15 Juin un projet motivant le montant des importations allouées et recommandant les provenances les plus favorables à la meilleure utilisation du tonnage.

Les projets des Exécutives ou Comités des Programmes seront versés au Bureau permanent du Conseil qui pourra, le cas échéant, proposer l'action conjointe de plusieurs Exécutives ou Comités dont les programmes apparaîtront connexes.

Les programmes spéciaux des Exécutives ou Comités seront ensuite systematisés et groupés par le Secrétariat permanent pour être présentés sous cette forme au Conseil Allié des Transports Maritimes.

These resolutions should be read in conjunction with the document printed on p. 301, which sets out the relation of the Council to the Programme Committees.

NEUTRAL TONNAGE

At the same meeting of the Council an important decision was taken with regard to the chartering and allocation of neutral vessels, which had the effect of adding considerably to the current responsibilities of the Executive. It has been explained earlier in this book that the European Allies necessarily had to supplement their tonnage by chartering neutral vessels. For these they had, of course, to pay in general the competitive rates of the market and for a long time these rates were being forced up by direct competition between the Allied Governments themselves. To prevent this an Inter-Allied Chartering Committee had been formed and had considerable success in retarding the increase in rates though not in actually reducing them. The arrangement had been incomplete, however, partly because, though most tonnage was chartered through this Committee, certain neutral vessels continued to be chartered outside it either by the Allied Governments or their nationals, and partly because the vessels so obtained were not utilized upon the basis of any common plan or survey. Shortly before this meeting of the Council, a definite agreement had been arrived at between the Governments of France, Italy, and Great Britain which provided that in future all time-charters of neutral steamers would be made under the direction of the Inter-Allied Chartering Committee acting under instructions of the Allied Maritime Transport Council, and that the employment of the tonnage would be made in accordance with the directions of that Council,

The Council now noted this agreement, accepted the responsibility entrusted to them, and delegated the current work to its Executive. This decision is of interest in principle because the tonnage so obtained constituted a real pool of tonnage under complete Allied control. The shipping in question, which amounted to some 500,000 tons, was under the direct orders of the Executive, who arranged the general plan of employment and communicated it with more specific instructions from time to time to the Chartering Committee. This was the only class of tonnage in relation to which the Council and its Executive acted with direct executive authority. Normally their task was to secure the acceptance of a general plan of which the several parts were executed by the different Governments controlling the national mercantile marines.

BELGIAN RELIEF

A further urgent question was dealt with at the same meeting of the Council, the provision of Allied tonnage for Belgian relief. The reader will be familiar with the general arrangement under which relief was afforded to the inhabitants of Belgium and North France during the German occupation. The feeding of this population was, in accordance with ordinary international law, a responsibility of the German Government. It had become apparent in the war, however, that particularly when Germany's own supplies were reduced to the level of bare subsistence by the blockade, the Belgian population would inevitably suffer the most severe hardship if they were dependent only upon the supplies allowed them by the German authorities. A Belgian relief organization had therefore been formed to purchase food supplies with charitable contributions and to distribute them in Belgium under American control. The Allies were induced to make the necessary relaxation in their blockade by their desire to relieve the hardships of the Belgian population. The German Government, too, had an obvious interest in consenting, as it gave them some relief from a responsibility which must have meant a reduction in their own supplies. They, therefore, allowed the distribution of the food and also undertook to give immunity from submarine destruction to the vessels employed in its transport. During 1916 and the

greater part of 1917 sea transport had been arranged by the Belgian Relief Commission without very great difficulty. They had at their disposal about 134,000 tons d.w. of Belgian tonnage, a number of American vessels, and in addition they had been able to charter neutrals. By the beginning of 1918, however, three factors had operated to make their position serious. In the first place, the Belgian tonnage had been reduced by some marine losses (and indeed by some war losses in spite of the general immunity) to about 110,000 tons d.w. In the second place, the American Government had announced that in view of its own requirements it would have to withdraw the American vessels previously employed in this service. More important than either of these factors, however, was the practically complete control of neutral shipping now exercised by the Allied Governments. There was no longer any neutral tonnage in the free market of the world which either the Relief Commission or any other charterer could obtain.

At the Paris Conference of December 1917 the following resolution had indeed been passed :

Les Alliés déclarent placer en priorité de tous leurs approvisionnements le ravitaillement des populations belges et françaises envahies, sur la base du programme de la C.R.B. tel qu'il a été précisé au cours des conférences tenues à Londres entre la C.R.B. et le Gouvernement anglais. Ils garantissent le tonnage nécessaire à l'exécution de ce programme, compte tenu des navires que la C.R.B. a présentement à sa disposition et de ceux qu'elle pourrait se procurer dans l'avenir, soit directement, soit avec le concours des Gouvernements alliés.

A general resolution of this kind, however, by a conference which as such had no executive control over shipping, and which had at that time no organization to which the responsibility for giving effect to it could be entrusted, was obviously of very little use. The several Governments alone had actual control over their ships. None of these had accepted any specific responsibility for the provision of tonnage for Belgian relief or had assented to any general plan for sharing that responsibility.

Four months after the resolution had been passed therefore the operation of the above causes had brought the whole Belgian relief arrangements to a most critical situation. The civil popula-

tion of the occupied territories of northern France and Belgium amounted to about 9,600,000. Normally Belgium had imported two-thirds of her food supply and northern France a considerable proportion. In 1918 the population of northern France and the military zone of the Etapes in Belgium were dependent almost entirely upon imported foodstuffs. In the remaining territory under occupation with a population of some 6,000,000 people, production had diminished through lack of fertilizers, &c., to about 40 per cent. In these circumstances the Commission estimated their needs at about 120,000 gross tons of cargo a month, and considered that for the transport of this quantity they would need additional assistance beyond the reduced tonnage they now controlled of about 254,300 tons d.w. The Council, after a prolonged consideration of the question, arrived at the following decisions :

The Allied Maritime Transport Council decides that all the articles necessary for the revictualling of the occupied districts in Belgium and northern France shall be included in the programme of the Wheat Executive if that body consents, and shall be given the priority promised to them by the resolution of the Allied Conference of December 1917.

The C.R.B. should carry out the greatest amount of the necessary transportation possible with its own tonnage and that of the Belgian Government. Any further tonnage necessary will be allocated by the Wheat Executive from the tonnage provided by the Associated Governments. The permanent organization of the Transport Council is directed to arrange for such further tonnage as is necessary in order to assure the carrying out of this decision, subject to the assent of the Associated Governments.

These decisions imposed a task on the Executive which proved to be one of great difficulty, but it was ultimately executed with success, and the Belgian supplies were maintained throughout the year with a very small margin of deficiency.

AMERICAN TRANSPORT

By this time the first preliminary warning had been received of what was later to prove the most serious new factor in the whole shipping position of this year—the requirements of the increased American Army. We have seen that when the Allied Maritime Transport Council was decided upon in December 1917, it was

anticipated that America would be able, after meeting her own needs, to supply a considerable amount of tonnage to supplement the deficiencies of European imports. One of the main reasons indeed for founding the Council was the anticipation that in future two countries instead of one would be supplying tonnage to France and Italy ; which would have made a common Allied plan an absolute necessity if confusion of every kind were to be avoided.

This expectation was well founded on the basis of the military programme then contemplated, which provided for the gradual transport to France of an army which would amount to 1,000,000 men all told by the end of 1918. The German military effort, however, of March 1918, entirely reversed the situation. The great American military effort by which 2,000,000 men were sent to France before the autumn is a matter of history. The extra strain, the transport of the men and still more of the supplies to maintain them, strained the Allies' shipping reserves to the utmost. They could now look for no new assistance for their own imports from America ; ultimately they had indeed to provide tonnage in aid of America herself. This situation had not matured in April, but the Council had before it a warning foreshadowing the more serious difficulty that was to be faced later, that America's military needs could barely be met by the use of all the tonnage either actually or prospectively under her control.

It was thus in circumstances of extreme gravity that the Council terminated its second meeting, fully realizing that the task of putting into effect the decisions indicated above, which they now entrusted to the Executive, would prove one of great difficulty.

CHAPTER VI

THE NEW INSTRUMENT OF ALLIED CONTROL

Limits of the Council's Power and Authority. Constitution of Council. Constitution of Permanent Organization (The Allied Maritime Transport Executive). The National and International functions of the Members of the Council and Executive. Personal and Official Relations. The linking together of the National Administrations. The Programme Committees. The Food and Munitions Councils. The use of Statistics. Their limitations. Nature of the Authority of the Allied Organization.

THE new organization thus established was built up gradually during the next six months, working as it grew and growing with the developing necessities of its work. It was indeed still in course of development, though complete in its main structure, when the Armistice was signed.

It will be convenient to describe this organization in its final form, with incidental indications as to the stages of its growth. It is important to remember, however, that much, indeed most, of its work was accomplished while the machine was still incomplete. The centre of gravity shifted slowly from the national towards the international administration, and perhaps never in fact reached a point beyond midway. The international machine was most fully operative in the case of the purchase, distribution, and allocation of wheat, and least operative in the case of certain raw materials such as wool. Between these two extremes there was every variety of intermediate stage; and the innumerable reactions and negotiations and compromises between the earlier national methods and the new international ones make it difficult to determine exactly where, in any particular case, the effective centre of authority was to be found. In general it may be said that at the point of executive action the machine was always the national one, and the national principle predominated more and more as this point was approached. But national decisions were more and more affected and determined by the comprehensive surveys and recommendations of the international bodies.

It must be remembered, too, that America's association with the organization was always somewhat tentative and provisional. The part taken by representatives in the Allied work was throughout considerable. For many obvious reasons, however, they had a less direct and decisive influence in their national administration than their colleagues. Before the Armistice, indeed, America had definitely and completely associated herself with the Council and her representatives had begun to secure drastic American action in conformity with the central Allied arrangements. The Armistice was signed, however, before the full application of the international principle was achieved. The real and crucial test would have come, if the war had continued, in the spring of 1919.

We have seen too that the executive control of national shipping remained with the national Governments, the only tonnage under direct Allied orders being some 500,000 tons of chartered neutral ships. The whole Allied organization must be conceived as influencing the policy of the national Governments, co-ordinating their action, and supplementing the deficiencies in their resources. The supply arrangements of the different countries continued to be carried out in their infinite detail by the national executive departments. It was only at the point at which economy could be effected by co-operation, or the deficiencies of one country met by assistance from another, that the Allied organization became involved. And even then its action consisted in influencing the national Governments to co-operate and assist, and not in the direct provision of assistance within its own competence.

CONSTITUTION OF COUNCIL AND EXECUTIVE

The Allied Maritime Transport Council consisted of two British Ministers (the Under Secretary of State for Foreign Affairs and the Shipping Controller), two French Ministers (the Ministers of Commerce and Munitions), two Italian Ministers (the Food Controller and the Minister of Transport), and a Delegate from the United States (formerly the Vice-Chairman of the American Shipping Board) with whom was ultimately associated as second Delegate the American member of the Executive.

These members met in formal session as the Council four

times before the Armistice—in March, in April, in August, and in October. Each of them, however, was represented for current work by a staff of officials resident in London and together forming the permanent staff of the Council.

This permanent organization worked in Lancaster House (the London Museum) in four National Divisions, of which the American was directly responsible to the American Delegate, who worked in the same building. The remaining three were under the control of officials responsible to the other national members of the Council who continued to be mainly occupied in the work of their respective departments in their own countries. In the case of Great Britain there was naturally no very clear line between the British officials in the British Division of the Allied organization and those in the purely British department of the adjacent Ministry of Shipping.

The head of each of these National Divisions, with his staff, was primarily responsible for considering the requirements of his own country and the relation of any question brought up for Allied discussion to the policy of his country; and in carrying out this part of its work each Division was a separate Division with its own confidential correspondence and separate communication with its Government.

THE ALLIED MARITIME TRANSPORT EXECUTIVE

The whole organization was, however, welded into one, and the current adjustments of policy and action effected, by the formation of the Allied Maritime Transport Executive, composed of the heads of the French, Italian, and British Divisions together with the second American Delegate, the British member being at once Chairman of the Executive and Secretary of the Council.

This Executive met frequently, formally or informally, as the work required, and in the long intervals between the Council meetings was the instrument through which liaison between the Governments was secured on all shipping questions.

Each of its members was in daily contact with his own Ministers and departments (by telephone to France, by telegram to Italy, by cable to America, and by personal communication in London);

and with his Allied colleagues on the Executive either in formal meetings or by informal personal visits.

To the national departments the member of the Executive always represented the Allied point of view; he was always urging his own country to abate its demands or increase its assistance. To his Allied colleagues, on the other hand, he was always representing his own country's point of view, urging its needs and trying to influence the other countries' action in the direction of its policy.

The success of this crucial and difficult work depended very largely on the personal position and influence of the members of the Executive; on their relations with their national departments and with each other.

We have seen that the fundamental principle adopted in appointing the members of the Council was to select, not delegates, but the responsible Ministers with direct executive authority over the departments whose action was affected. So far as was possible for a body necessarily working continually in one capital, a similar principle was adopted in choosing the officials who formed the Executive. All the members both before their appointment and during the exercise of their new duties either occupied positions of executive authority in their national departments or were at least in a position to exercise direct and effective influence in them. The French member, for example, had long worked in the closest association with the French Minister of Commerce, and through the Standing Committee presided over by that Minister, and through other channels, was able to secure the necessary action by the French supply departments. The Italian member had throughout the war occupied important positions in relation to the whole of the Italian supply needs and was also a person of great authority both with his Ministers on the Council and in the Italian supply departments. The British member was, and continued to be, Director of Ship Requisitioning in the Ministry of Shipping and was, of course, in a better position than his colleagues to keep in touch with his Ministers because of the situation of the organization in London. The American member was the second American Delegate on the Council.

Scarcely less important than the relations of the members with

their own departments were their relations with each other. The work could never have been successfully achieved if daily association had not developed mutual confidence. The position of members of an international committee with a dual personal capacity, international in relation to their own country, national in relation to other countries, is one of great delicacy. They necessarily receive information from their departments (they are useless if they do not) with regard to policy while still in the process of formation. It is a problem of the utmost difficulty to know how much of this can properly be communicated to their Allied colleagues. So far as the Allies are regarded as competitors with divergent interests any such communication weakens the bargaining position of one's own country. But so far as they are regarded as partners whose common interests are more important than any conflict of claims, such communications may often be essential. One of the most vital lessons of international administration is that, in any difficult and complicated subject-matter, policy is adjusted much more easily if it is adjusted in the actual process of formation. If each one of four separate countries considers a problem with international reactions from its own point of view, develops a national policy, begins to give it expression in administrative arrangements, fortifies it with Ministerial decisions and Cabinet authority, adjustment will prove almost impossible. Four rigid and developed policies will confront each other. Those who represent them will be committed to them by the national authority already given to them, by the administrative arrangements already made, and by a feeling that a point of national pride is involved in maintaining them unchanged. If a settlement is arrived at in these circumstances it will probably be after a contest in which the determining factor will be the bargaining strength of the disputants rather than the intrinsic merits of the case. But if the national points of view can be explained while they are still developing, if policies can be brought into contact while they are still plastic and still unformed, agreement will be easier and probably better. Given the proper personal relations, many things can be explained which would never be put on paper or stated in a formal meeting ; the limits of concession can be explored and the several national policies formed and fixed in the first instance within them instead

of beyond them. But the delicacy of such work, and the difficulty of the questions of loyalty and good faith involved, are obvious. It is only possible at all under conditions of personal confidence and long personal association. Fortunately the members of the Transport Executive all felt this confidence in each other, and the relations of colleagues in work developed in time into those of personal friendship.

The linking together of the national divisions into an Allied instrument under the Executive was extended by the formation of subordinate committees, responsible to the Executive, for Tonnage, for Imports, and for Statistics. The members of the different national divisions who were specially concerned with each of these three branches of the work met in committees for agreement in the details of their current work and referred to the Executive on questions of principle.

The organization as described so far has been essentially 'international' in principle, each of the persons engaged in it having a dual capacity, and the whole being concerned with the adjustments of national action or policies which started by being divergent.

When such questions had been resolved, however, there was a certain amount of work to be done of a purely administrative or secretariat character. The correspondence of the Council had to be carried on and its information collected. For this purpose a 'non-national' secretariat was formed responsible to the Executive. Each of the members of this secretariat, who were in fact of all the four nationalities, was required to divest himself of any national point of view and to give effect to any agreed policy with an absolute impartiality; and in view of the character of its duties the secretariat was organized under a secretary, on ordinary administrative principles, and not under a committee.

Within this 'non-national' part of the organization was incorporated the Shipping Intelligence Section originally established in the Ministry of Shipping but now transferred to Lancaster House and made equally accessible to all four countries.

THE PROGRAMME COMMITTEES

So far we have been describing the internal organization of the Council and its Executive. This, however, was only one, though the central part of the new Allied supply system which gradually linked the various Control systems of the several countries together.

We have seen that throughout the war the shipping authorities were anxious to transfer the responsibility for selecting between the competing demands of the supply departments to an authority representing those departments themselves. In the several countries this transfer had been gradually effected by the establishment of such bodies as the Tonnage Priority and Milner Committees in England and the Standing Committee on Imports in France, and at its April meeting the Transport Council had decided to internationalize this system by the extension of Programme Committees on the model of the Wheat Executive.

In the sphere of supply, as of shipping, it must be remembered that the basis, and the indispensable condition, of the whole system were the national systems of control in Great Britain, France, Italy, and America. The work was now, however, co-ordinated and infused with an international spirit by the formation of the new Programme Committees.

So far as geographical considerations allowed, the members of these committees were chosen on the same principle as those of the Transport Council and Executive, that is, they were the actual officials who exercised, and continued to exercise, direct executive authority in their own national departments.

In Great Britain (where the arrangement was easy, as the headquarters of the Allied organization were in London) the representatives were all chosen on this principle. In the case of France, and to a less extent Italy, the same end was achieved by arranging meetings from time to time in France, by special visits, by taking advantage of visits of Allied officials to London for other purposes, by an interchange of membership between the Committees and the national departments, as well by the appointment as permanent representatives of persons who had been personally associated with the national controls. Special telegraph and telephone lines

to Paris assisted the liaison. In the case of America, where the distance was more serious, the contact in current business was necessarily less complete, but was assisted by personal relations and by occasional visits. The system was elastic, but throughout it was based on the essential principle that expert should deal with expert on the basis of his special knowledge; he was first an expert in his particular commodity and second only a national representative.

The Programme Committees varied a great deal in origin, in constitution, and in powers. Some of them, of which the Wheat Executive was the most important, had been established before the A.M.T.C. Many of them had other duties than that of preparing and revising programmes in relation to shipping. Some had actual executive powers of purchase, &c. The most important of them applied to the War Purchase and Finance Council for finance, as they applied to the A.M.T.C. for their ships. And the practical importance of their work varied both with the kind of the commodity and with the personal character and position of their members. The committees as such were not the subordinate organs of the A.M.T.C. and its Executive. But the development of the committee system over the whole range of supplies was decided upon and carried through upon the initiative of the A.M.T.C., which throughout occupied a central position and co-ordinated and guided the whole organization. This dominant position was gradually acquired through the simple fact that the work of all the committees, as of the supply departments which they represented, was dependent upon shipping and more upon shipping than upon any other factor.

THE MUNITIONS AND FOOD COUNCILS,

In the course of 1918 it was found convenient to group a number of the committees under a few central authorities, by a process closely analogous to the grouping of the national supply departments for national purposes under the Cabinet Committee in England and the Standing Committee on Imports presided over by the Minister of Commerce in France. Two great Councils were formed for this purpose—the Inter-Allied Munitions Council, covering all the raw materials whose most important use was for the

manufacture of munitions themselves, and the Food Council, similarly covering all articles of food. A third Council to co-ordinate Programme Committees dealing with other raw materials had been projected, but was never in fact brought into existence before the Armistice. These two big Councils were ministerial bodies of an equal status with the Transport Council itself, the latter Council gradually acquiring a leading position not through the difference in rank or status of its constituent members, but through its control of shipping.

The Programme Committees were established gradually, and only got into working order slowly and unequally. In the meantime, of course, so far as any imported commodity was not covered by a committee or so far as the committee was not fully working, the arrangements for supply had to be negotiated direct with the shipping authorities, as under the old system. This indeed continued throughout to be the main method as regards some of the supplies (the raw materials for civilian purposes and some others). Ultimately the whole range of imported commodities was covered by the following Committees :

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|--------------------------|-------------------|
| 1. Wool. | 6. Paper. |
| 2. Cotton. | 7. Timber. |
| 3. Flax, Hemp, and Jute. | 8. Petroleum. |
| 4. Hides and Leather. | 9. Coal and Coke. |
| 5. Tobacco. | |

Food Council :

- | | |
|----------------|---------------------|
| 10. Cereals. | 12. Sugar. |
| 11. Oil Seeds. | 13. Meats and Fats. |

Munitions Council :

- | | |
|-----------------|---------------------------|
| 14. Nitrates. | 18. Non-ferrous Metals. |
| 15. Aircraft. | 19. Mechanical Transport. |
| 16. Chemicals. | 20. Steel. |
| 17. Explosives. | |

We are not here concerned with the purchasing and other functions and duties of some of the Programme Committees. So far as shipping organization was concerned, their duty was to frame their programmes in relation to the shipping possibilities,

to submit these to the Transport Council and its Executive, and to agree and distribute the detailed reductions necessitated by the general shortage of tonnage. Sometimes a general principle would be imposed. For example, the Council approved in August the principle that recorded consumption of raw materials in the previous year should be taken as constituting the maximum for the ensuing year ; and in October the principle that in view of the prospect of an improved tonnage position in the summer of 1919 all supply departments should make their arrangements on the basis of running stocks down so that by August they would be only approximately sufficient for actual distribution. Sometimes a criterion would be given to the Committees by which they could test their demands. They were told in September, for example, that a reduction of 5,000 tons in a supply programme meant that 1,000 additional American soldiers could be brought to France. Sometimes comprehensive decisions would be taken by the Council covering a whole group of commodities under a grouped series of Committees. The total permitted imports for food and munitions respectively were, for instance, fixed by the Council in October. But apart from such general principles and decisions, a mass of detailed work of criticism, restriction, and adjustment was carried out from day to day by negotiations between the members of the Executive and of the Committees, meeting usually informally and individually. The detailed procedure and method of negotiations will become apparent in the later description of the work as it developed, and is further illustrated in the documents printed on pp. 301-326. It is important, however, to remember in reading the documents which show the nature of the negotiations, that the great bulk of the current work was carried on personally and informally, formal correspondence only passing when this simpler and more expeditious method had failed and when it was necessary to define an issue clearly for superior decision. In general the Executive of the Council bore the same relation to the Programme Committees as the Transport Council itself to the Munitions and Food Councils, that is to say, it acquired a leading position among them and a determining influence in the formation and execution of their programmes by its control of shipping.

When the Allied system was in complete operation, there was one further development in the arrangements. Members of a particular Programme Committee, e. g. the Wheat Executive, were associated with shipping representatives in a Freight Committee. This Committee then arranged the detailed allocations of ships, and the instructions as to where they were to load and discharge. These joint Committees, formed first for wheat, then for all food, and towards the end for munitions, discharged the important responsibility of securing practical effect to the general arrangements made by the Allied supply authorities (the Wheat Executive, &c.) and the general policy approved by the Allied Shipping Authority. A great part of the daily business fell within their competence, and the success of the system in its most successful sphere was largely due to their work.

The reader must conceive the whole national mechanism of control, of restriction, of allocation of tonnage described in Part II of this book as operating simultaneously with the Allied machinery. The restriction within the supply departments themselves, the Tonnage Committee, the Tonnage Priority Committee, the Cabinet Committees, the further pressure exercised by those engaged in the actual allocation of ships—all continued in the several countries. But these national systems were linked together and formed, through the Programme Committees and the Transport Executive, through the Food and Munitions Councils and the Transport Council, a new organization by means of which the national process of restriction was repeated and supplemented on an international basis.

THE USE OF STATISTICS

Throughout the whole of this intricate system of competitive demands the basis of discussion was statistical information. Every supply department, every member of each Programme Committee, was fortified with elaborate calculations and detailed figures of the requirements, the production, the consumption, and the stocks of the particular commodity with which it was concerned. And these were confronted with the corresponding statistics both for other competing commodities and for shipping and its transporting capacity.

It must not be imagined, however, that the collection of statistical information in itself solved the problem or indeed went any very considerable way towards solving it. Statistics were at the best only an instrument, often a very imperfect instrument, for the real work. In the first place, it was only within a very narrow range that they could be relied upon as accurate. Statistics of actual shipping in existence or under the control of the different Allies were indeed precise and exact. So, normally, were those of actual imports. To convert the ships, however, into terms of importing capacity during a future period involved estimates in which many factors of uncertainty were included (loading and dispatching delays, convoy arrangements, &c.). Among the more important statistics, those of stocks were almost always inaccurate. It was sometimes possible to get accurate particulars of stocks held in official hands, but stocks in private hands or on producing farms were always subject to the widest margin of error. So, too, were estimates of production, as distinct from import, and of consumption. The very basis upon which the balancing of one country's need with another had to proceed was thus a shifting and uncertain one. But even if all the statistics had been certain, precise, and accurate, the problem would not have been solved. An estimate as to the relative strength and character of the needs of the different countries went in its nature beyond the sphere of any precise information, depending upon the habits and morale of the populations, on political factors, and many other considerations. It must be remembered, too, that throughout the information available varied with the varying personnel of the different national administrations and departments. Every person harassed in his daily work had a natural and inevitable desire to secure a little margin. So all the way up the organization ; within each branch control ; within each larger department grouping and directing the smaller ones ; within each Programme Committee where experts criticized each other's demands ; within the large Allied Councils of supply which exercised a superior criticism and supervision ; and finally in the bodies which controlled the allocation of shipping—there was a constant process of judging and estimating on the basis not merely of statistics but of personal and practical experience.

In the last resort, and in spite of all the intermediary criticisms and prunings by the supply experts, further reductions were always still required when the programmes and the demands for ships came to the shipping organization. Little by little those engaged in allotting ships acquired something of an instinctive judgment, corrected or confirmed by statistical information, but based largely upon the practical experience of the past. They became able to discount the demands with some real perception of the essential need, and the point to which it was essential. And indeed, as the war developed the most vital needs seemed almost to place themselves in their due prominence, and thrust others out of their way, by their own force and volition. Before the war plenty and luxury concealed the anatomy of the economic system as the skeleton of the human frame is hidden in a well-nourished body. The years of war brought leanness, spareness, and emaciation, till at last the bones thrust through, and the essential framework of the economic structure was revealed.

NOTE AS TO THE NATURE OF THE AUTHORITY OF THE ALLIED ORGANIZATION

It is necessary, though difficult, to describe with precision the nature of the authority of this Allied organization and the principles upon which it was based.

The Council, as we have seen, had no direct executive power except over the pool of neutral ships entrusted to it during the war and over the enemy ships allocated under its direction during the Armistice. For the rest of its work it was in principle advisory only. The executive power remained with the several Governments for directing its own shipping and for arranging its own supplies. The power of the Allied organization was dependent upon consent, was exercised through persuasion, and was based upon and developed by the confidence which it inspired. It is indeed evident that no other basis would have been possible in the circumstances. We have seen that an International Board with complete executive power over a common pool of Allied tonnage was proposed at one stage at the Paris Conference and in the negotiations preceding it, but had been rejected, and rightly

rejected. If such a board had had power to act only by a unanimous vote, its power would in fact have been no greater than that of a body advisory in principle. Each delegate would have inevitably made a reserve or given an adverse vote against any proposed decision adversely affecting his country's interests if he considered that his country's assent would not be given to it. If, on the other hand, the Board had had power to act by a majority vote, the whole system would inevitably have been broken when any one Government considered the decision unjust and did not feel sufficient confidence in the Allied organization to accept its verdict. The organization could have only gone on so far as it acted within the limits of the assent which its own prestige and reputation could acquire from the several Governments. And its reputation and therefore its power would in fact have been seriously prejudiced from the beginning by its mere assumption of a nominally overriding executive authority. With this as the fundamental condition of Allied action, an Allied organization based upon consent, and advisory in principle and in name, conciliated its critics by the modesty of its pretensions, and was enabled to develop its real influence. Its power to influence executive action grew automatically with its reputation and with the necessities of the situation.

Its authority was, however, immensely increased by the principle upon which its personnel was chosen. It became almost an academic question to ask whether a unanimous vote of the Council could determine the allocation of ships. In principle, no. But if the British Shipping Controller consented as a member of the Council it necessarily happened that in his national capacity as head of the British Ministry of Shipping he would give the requisite orders. It remained true, of course, that no majority vote of his colleagues could force him to give that assent. That was inherent in the position. The whole organization, however, was designed to secure that each Minister, and within his sphere each official, should in the development of policy and in the execution of current work be in contact with the opinions, and be influenced by the point of view, of the corresponding Minister and officials in the other Allied countries, and should thus act with knowledge and with sympathy.

CHAPTER VII

WORK OF THE EXECUTIVE, MAY TILL JULY 1918

The four months' interval in the Council's Meetings. The Executive's rôle of Liaison. Italian and French Coal Supplies. Belgian Relief. Wheat Supplies. American Military Programme. Organization of Programme Committees. The General Tonnage Position.

THE next four months put a severe strain upon the new Allied machine. The extreme gravity of the military situation made it necessary for the respective Ministers who constituted the Transport Council to remain in their own countries, and during the gravest period of the war and of the shipping position no meeting of the Council was possible between April 25 and August 29. At the same time the military effort of the Allies continued to be dependent upon its supplies, its supplies to be dependent upon a less and less adequate sea transport. Decisions of grave importance in the allocation of tonnage were therefore constantly required. To some extent the result was to throw a greater responsibility directly upon the members of the Executive. Much of the action, however, which required to be taken jointly by the Allies was such as to necessitate decisions by the Governments themselves. The ability of the organization therefore to act as an intermediary between the different Governments was severely tested. It proved adequate to the task. It was found possible to secure the necessary co-ordination and decisions partly through the liaison work of the members of the Executive, and partly through telephonic and telegraphic arrangements, supplemented in certain cases by special visits. The permanent organization in London was, of course, enabled to keep in close touch throughout with the British Ministers, the British Shipping Controller visited the French Ministers in Paris with the British member of the Executive, and the American member of the Executive made a special visit to Washington. By these and similar methods the necessary consultation and agreement were in practice secured without a formal meeting of the Council.

CURRENT WORK

In the meantime the definite tasks allotted to the Executive were successfully carried out.

In the four months, from the middle of April to the middle of August, 2,330,000 tons of coal were dispatched to Italy, including 1,440,000 tons from the United Kingdom, sent partly by the long sea route and partly by the shorter sea route via Blaye, and 890,000 tons of French coal.

The railway shipments from or through France were considerably below the quantities originally contemplated. This resulted mainly from a shortage of railway trucks, and some difficulty was also experienced in securing coastal tonnage for transport of coal railed across France on the short sea route from Marseilles and Cette to Genoa. The net deficiency, however, was reduced to 67,000 tons through shipments of British coal on the long sea route, considerably in excess of the quantities first arranged.

These shipments would indeed have completely made up the balance but for difficulties in obtaining the coal itself in May and June.

Drafts for the Army were the paramount necessity of the moment, and a large additional contingent of miners had been called up from South Wales and other mining districts. The effect of compulsory enrolment, however, was considerably increased by the desire of the miners themselves to join the Army. As at every period of grave military disaster in the war, the immediate effect of the reverses in France was a rush to the colours. For every man called up under the recruiting scheme, which attempted to balance the needs of coal against the needs for soldiers, one or two further miners insisted upon leaving their work and offering themselves to the Army.

In June it became necessary to establish a special strategic reserve in Italy of 150,000 tons, outside the monthly supply of 600,000 tons. By the middle of August 140,000 tons of this had been dispatched, so that in spite of the difficulties of May and June, the total shipments somewhat exceeded the total originally contemplated of 600,000 tons a month.

Meantime the French coal programme was in serious difficulties. Chapter V has described the general position and the nature of the new responsibility entrusted to the Executive. They fully recognized the vital importance of French coal requirements. Unfortunately, the provision of ships was not enough. The receiving capacity of the French ports was reduced by the inability of the railways to clear them. Wagons had been drawn off for military needs, and the position was made worse by the dislocation of inland water navigation caused by the same military operations. Partly through these causes and partly through the difficulties of supply in Great Britain, the coal shipped to France only amounted to 1,495,000 tons in April, 1,530,000 in May, 1,260,000 in June, and 1,489,000 in July. The Executive, however, did everything possible within their own sphere—the provision of ships. From the first moment of the German offensive in March till the end of the summer sufficient shipping was supplied, at any cost and with whatever difficulty, to lift practically every ton of coal that could be secured in Great Britain and received in France.

THE EXECUTIVE'S THIRD TASK

The provision of tonnage for Belgian relief was also put into execution. The Wheat Executive examined and endorsed the programme of supplies proposed by the Relief Commission, and agreed with them as to the sources from which they could be drawn. The provision of the tonnage, which was the task of the Transport Executive, presented great difficulties. There was indeed general agreement as to the method by which the problem ought ultimately to be solved. The Allies were now beginning to acquire a considerable quantity of neutral tonnage on the specific condition that it should not be employed within the war zone. They had, for example, concluded an agreement in April, under which they expected to obtain nearly 200,000 tons d.w. of Swedish tonnage, subject to this restriction. As Belgian relief ships were immune under German guarantee from submarine risks, this tonnage was obviously the most suitable for this service. No substantial quantity of it could, however, be expected for a considerable time, and the Belgian needs were urgent and critical.

It was estimated that the intermediate period could be tided over if twenty-six additional cargoes beyond what the Belgian relief vessels could themselves carry were provided, and that some ten of these cargoes might be obtained by occasional chartering of neutral vessels. An agreement was successfully arranged between the American and British Governments under which each of the two countries agreed to transport eight of the sixteen cargoes, and to give Belgian relief the first call upon the Swedish tonnage as soon as it was obtained. These arrangements were supplemented by the immediate shipment from England of about 10,000 tons of English Government flour and about 14,000 tons of miscellaneous foodstuffs belonging to the Belgian Relief. In the three months June, July, and August, Belgian Relief imported about 340,000 tons, as compared with the full programme of 360,000 (120,000 tons a month). The additional tonnage required was provided in practically equal shares by the United States and Great Britain—57,606 by the first, and 59,815 by the second.

In the meantime the cereal supplies of France, Italy, and Great Britain were being maintained on the basis of a common Allied programme and in accordance with the system explained on p. 158, under which Great Britain in effect accepted the responsibility for supplementing the deficiencies in the tonnage of the other two countries. The quantities supplied under this system by diversions of ships under British control (not including the cereals supplied in British ships under French or Italian control) during these months were : April, 109,000 tons to France, 92,000 tons to Italy ; May, 75,000 tons to France, 207,000 tons to Italy ; June, 104,000 tons to France, 158,000 tons to Italy ; July, 163,000 tons to France, 78,000 tons to Italy ; making a total of approximately 1,000,000 tons supplied under the system.

It was not possible to deal with other supplies on an equally systematic basis. Too little was known of them. It was evident, however, that both Italy and France needed emergency assistance, and both obtained it. The British liner service from America to Italy was increased so as to add 50,000 tons a month to her imports of munitions and raw materials. Italy was also allowed to devote to similar work 75,000 tons of her shipping previously engaged in carrying cereals ; and extra British tonnage

was automatically supplied under the system described to meet the resulting deficiency. Special shipments of about 70,000 tons of munitions from the United Kingdom were also arranged. During the same four months France, whose needs were serious but less critical, received extra tonnage for the shipment of about 60,000 tons of railway wagons, locomotives, and various war materials from America.

During the same period the new system of directing the neutral pool tonnage was put into operation. A general plan, which is described in detail on p. 296, was arranged and agreed. The main lines of this plan were that vessels up to 1,700 tons d.w. were to be allotted to the French coal trade; vessels between 1,700 and 3,000 tons were to be sent with coal to the Bay, and then to return with ore from Spain. Vessels between 3,000 and 4,500 tons were to take coal to Italy, and also return with Spanish ore; while vessels over 4,500 tons were to be sent first with coal to Italy and then to load cereals in America for transport to the European Allies under the Wheat Executive. During the four months May to August, 176 vessels were allotted in accordance with this general plan.

In the meantime the increased American military programme was having consequences of the first importance. The provision of passenger ships for the transport of the troops was not arranged, except to an unimportant extent, through the Transport Executive, but by direct negotiations in America between representatives of the American and British Governments. The numbers transported under these arrangements soon reached very large dimensions, 637,879 American soldiers being embarked in the three months April, May, and June, 330,956 of them in British vessels, and a further 305,000 (188,000 in British vessels) in the month of July. The only work of the Executive consisted in some negotiations resulting in a certain number of Italian and French passenger vessels being included in the trooping programme.

The task of the Executive was not to find troop ships for the American programme but to deal with the effect of that programme on the general transportation of supplies. The fitting of the vessels, which were nearly all of a passenger-cargo type, meant the loss of considerable cargo-carrying space, approximately 2 tons

of cargo being lost for every man transported. This at once meant a loss of about 1,000,000 tons of imports through the allocation of British and Allied tonnage to American trooping work. The more serious problem of transporting the supplies of the American soldiers developed somewhat later, since the soldiers themselves were hurried over at once with relatively few stores, and were helped with Allied supplies when they reached Europe. A preliminary examination was made of this more difficult problem during this period, but was not seriously dealt with or brought into relation with the main supply arrangements until the later period described in the next chapter.

Meantime the organization of the Programme Committees to cover the whole range of imported supplies was developed in accordance with the decision of the Council in April, and the new Committees, as well as those which had been in existence for some time, began to get to work. The British Government allotted the responsibility for appointing the British representatives, and in general for making the arrangements on the British side, to the departments responsible for the different commodities. Thus, the War Office became responsible for wool, Q.M.G. stores, horses and mules, hides and leather, flax, hemp and jute; the Ministry of Munitions, for munitions, nitrates, metal, ores, &c.; the Board of Trade, for cotton, paper, tobacco and timber, and, jointly with the Ministry of Shipping, for coal and coke; the Ministry of Food, for the various articles of food, including cereals, meat and fats, oil seeds and sugar. Meantime, the munitions committees had been grouped under an Inter-Allied Munitions Council formed in April 1918, and the food committees under an Inter-Allied Food Council, established after the American Food Controller's visit to Europe in July.

The general shipping position at the end of this period is perhaps best indicated by quoting the following note written in July 1918.

NOTE ON GENERAL SHIPPING POSITION

The following are the main features in the general tonnage position :

- (a) The deficit in carrying power as compared with imports has been reduced by the conclusion of the Swedish Agreement in addition to the acquisition of the Dutch tonnage (allowed for in the last

statement of the Council) and by some reduction in the submarine losses as compared with the previous estimates.

- (b) As reported in detail above, very large diversions in British tonnage have been made for the conveyance of cereals to France and Italy, for railway material and munitions to those two countries, and at the same time the fitting of vessels for American troops, and the use of cargo space for this purpose have made a serious reduction in importing capacity. As a consequence mainly of these causes the imports into the United Kingdom were 700,000 tons less in June than in May.
- (c) The most important new factor in the prospective Allied tonnage position is the immense increase in the American Military Programme recently required by the Supreme War Council and consented to by the American Government.

It may be said generally that the execution of this programme, so far as the carriage of personnel is concerned, can be effected by the continuance of the arrangements already made without further increasing the reduction in cargo-carrying power. The real problem is one of the carriage of supplies and of horses. This problem is now being investigated and further information is awaited from America.

It may be stated provisionally, however, that the transport of full supplies for the full army contemplated would apparently involve the employment of not less than 7 to 8 million tons dead weight as from the summer of 1919, the tonnage rising gradually in the meantime from the present 2 million tons dead weight to the above figure, and that in addition the transport of horses would involve the employment of over 1 to 1½ million tons dead weight for a year, falling thereafter to some 300,000 tons dead weight for replacement of wastage.

Towards the above figures, which are likely to be increased by the transport of certain constructional material, &c., can be set (a) the supply of material by the European Allies, whether under the brigading system or otherwise; and (b) the new American building, which each month goes a long way towards meeting the additional demands of the extra soldiers landed in France during that month.

It is understood that arrangements are being made by France and Great Britain to supply artillery and clothing in large quantities which would relieve the Supply Programme, but it cannot yet be stated to what extent.

These notes must be regarded as very provisional only and not expressing any agreed estimate, which is not yet possible, but it was thought necessary to attempt some indication of the scope of what is the most important new factor in the general tonnage situation.

Apart from the uncertainties of building and construction, it is clear that the whole tonnage situation must be regarded as very uncertain, in view of the possible consequences, and demands upon tonnage, that may result from the military situation.

The import programmes still show a large excess over carrying power; [but while] this cannot be removed until the Programme Committees have proceeded much further with their work, the information which has already been received indicates within no very wide margin of uncertainty the directions in which the balance is likely to be struck for this current year 1918.

The general impression that is gathered from the documents of this time is that the demands upon tonnage were greater in relation to the shipping available than at any previous period, but that the situation was more in hand. The organization of control both of commodities and of shipping had been developed and improved, and was better able to deal with current emergencies. The prospect for the future was relieved by the increase in building and by the reduction in losses. The corner was turned. Safety was in sight, though not attained.

CHAPTER VIII

COUNCIL'S THIRD MEETING, AUGUST 1918

The Food Programme criticized. Meeting of Council on August 29. The Shipping Position in August. Civilian Commodities. Coal Supplies.

FIRST MEETING OF THE FOOD COUNCIL

IN July the four Food Controllers of America, Great Britain, France, and Italy, met in a series of important conferences in London to consider arrangements for the new cereal year.

The first result was the establishment of an Inter-Allied Food Council with a permanent committee (the Committee of Representatives). This new organization at once examined the food requirements of the different countries and drew up a single programme of supply which was presented to the Executive for submission to the Council.

This food programme came as a great disappointment to the shipping authorities. Amidst the great difficulties of the time, the one factor from which they had expected relief was the considerable improvement in the harvests of 1918 over those of 1917. Faced with increased demands both for munitions and the supplies of the American Army, they hoped that in the transport of food at least a substantial reduction would be possible. There would, they hoped, be a further economy because a larger proportion of the cereals was this year obtainable from North America, the nearest source of supply. The Food Controllers of the different Allied countries, however, had had a difficult and almost impossible task during the winter of 1917-18. In every country there had been shortage, in some districts the shortage had approached local starvation, and all the Ministers were anxious to assure themselves against a repetition of similar troubles in the following winter. The first programme presented by the Food Council actually requested the importation of 4,500,000 tons more cereals for the year 1918-19 than had been imported in the year 1917-18. In spite of the

economy in transport through larger shipments from America, this would have meant the employment of more shipping than in the previous year. This was a serious shock to the Transport Executive. An important letter dated July 30, which is reprinted on p. 304, after stating the general position, urged that the Food Council should adopt the principle of taking the total actual consumption during the last cereal year as setting the maximum limit to the new programme. The Food Council replied that they could not accept this principle which would involve a serious danger to the morale of the civilian population. They proposed alternatively the principle that as much tonnage for food transport should be allowed as during the previous year. This would have given extra food supplies to the extent to which the same shipping could carry more cargoes because they came from a nearer source. The Transport Executive maintained their position. A letter written in the name of the Council on August 5 concluded by stating that

the Transport Council will not feel justified in asking the military and munitions authorities to reduce their demands upon tonnage (with a consequent reduction of the numbers of American soldiers available for next year's campaign) in order that such tonnage may be allocated to food as to enable and encourage consumption upon a more generous scale than during the past year.

The Committee of Representatives of the Food Council, with this shipping position before them, then reconsidered their requirements. While not formally withdrawing from their previous position they greatly assisted the solution of the problem by dividing their programme into two parts. The first ('Priority tonnage') covered what they considered the absolute minimum and amounted to 18.5 million tons; the second ('balance of programme') covered the rest of the requirements and amounted to 8.25 million tons, of which 3.63 million tons were 'military oats', i.e. oats for army horses. The documents reprinted on pp. 304-20 both explain the subject under dispute and illustrate the procedure of the Council and Executive in negotiating with the supply authorities.

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THIRD MEETING OF TRANSPORT COUNCIL

The Transport Council met, for its third session, in London on August 29 and was at once confronted with the Food Council's request. They had before them at the same time a report from the Executive recommending that the programme should be commenced provisionally on the basis of the quantities covered by the 'priority' figures only. This recommendation was accepted by the Council with a qualification promising further reconsideration when fuller information was available. The issue was finally determined, as will be described in the next chapter, at the fourth and last meeting during the war of the Transport Council, in October, but was never, of course, translated into full execution in view of the conclusion of the Armistice in the following month.

THE SHIPPING POSITION IN AUGUST 1918

Before dealing, however, with this particular problem and with the others confronting them, the Council obtained a proper perspective for their work by examining the much more complete statement of the whole shipping position for 1918 which the Executive were by this date able to place before them.

World building, including American, now exceeded world losses. During the seven months ending with July 31, 3,500,000 tons d.w. had been lost and 3,500,000 had been built. During the last month of July building had exceeded losses by 157,000 tons.

This apparently favourable result, however, was due solely to the immense increase in the American building programme. During the same seven months the rest of the world had lost over a million tons more than they had built, and even in the last month of July the losses, though lower, had still exceeded building by some 50,000 tons. The excess of American building over losses was, on the most favourable computation, less than the amount required for the increased demands of the American Army. It followed that the tonnage available for the needs of the rest of the world, and in particular for the European Allies, was still diminishing.

As the Council met, a new cereal year, 1918-19, was just beginning. The shipping under the control of the European

Allies at the beginning of this new year was about 2,000,000 tons less than a year before. The acquisition of Dutch vessels, certain agreements with Norway, Sweden, and Denmark, were taken as likely to give the European Allies a net gain of about 500,000 tons. On the other hand, the carriage of American troops was already equivalent to the loss of an equal amount (without allowing for the transport of the supplies still to be undertaken). The net result remained, therefore, that even if no more tonnage were allotted to America the European Allies would have for their needs some 2,000,000 tons less than the tonnage available a year ago. This was equivalent to a reduced importation of some 8,000,000 tons of cargo.

The Munitions Council had not at this date completed their programme, but had sent a warning that the change in the character of the warfare must necessarily mean an increased per capita importation. Meantime, the only substantial prospect of relief that had been anticipated, that resulting from the better harvests, had been rendered doubtful by the receipt of the Food Council's demands. The American Government, moreover, at this time estimated that its Army supplies would need extra shipping to the amount of 1,200,000 tons in the next few months, reducing gradually to about 200,000 (with the increase of their own construction) by February 1919. Thus, with 2,000,000 tons less of shipping, the shipping authorities were asked to carry more food, more munitions, and the supplies of a new army.

The position, therefore, was very grave and might have seemed hopeless. At the same time, however, the reduction in losses by submarine, the improvement in the convoy arrangements, the acquisition of more neutral tonnage and its better employment, and the supply of a larger proportion of imports from the nearer source of America, were favourable features in the situation. Still more important were the better knowledge and better organization now available through the Food Council and the various Programme Committees for arranging such reductions as proved inevitable on a considered basis. And the very gravity of the position caused by the military situation and the consequent increase in the American military programme had some incidental advantages in giving a simple formula by which every demand for

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transport could be tested. Every 5,000 tons of imports saved enabled a thousand additional American soldiers to be maintained in and therefore sent to France, and every department asking for a 5,000-ton cargo, therefore, had to make its request responsibly with the knowledge that, if its request were granted, a thousand American soldiers would have to be left in America.

CIVILIAN COMMODITIES

At the same meeting the Council, without detailed consideration of raw materials which were not at that time completely examined, passed the following resolution :

With regard to the programmes of civilian commodities generally, until further order, actual recorded consumption of the past year should be taken as setting the maximum limit for programmes of importation for the next year. This principle is not to be understood as preventing a different distribution as between the different Allies or a greater importation than last year where a country has used up stocks and must have a larger importation to avoid a reduction of consumption. This principle is to be communicated to Programme Committees in order to set the maximum limit to the programmes they prepare for the Council.

The principle so laid down proved of considerable value in the subsequent detailed work during the next few months.

COAL SUPPLIES

The problem of coal supplies, which was never absent from any agenda of either the Council or the Executive, was also discussed in relation to a number of special difficulties that were now being experienced. The French representatives called attention to the shortage in the French supplies, which has already been explained ; and the Italian representatives pointed out that while the quantities were being duly dispatched the quality of the coal was often inferior. A Coal Programme Committee, formed as a consequence of these representations, completed the list of programme committees for all main commodities. At the same time the Inter-Allied Transportation Council (which dealt with railway transport in France) sent an embarrassing request that the quantity of coal sent by the long sea route into Italy, which had already been increased from 150,000 tons to 250,000 tons, should now be raised to 350,000

tons a month in order to give relief to the French railways and release railway wagons required by the military necessities of the moment. As this would have meant the use of more than 150,000 tons of shipping, the Council felt unable to grant this request.

The Council at the same meeting approved the detailed organization of its executive staff, and arranged to accept a certain responsibility for the transport of Swiss food. They also examined a number of technical problems such as the loss of general cargo-carrying capacity through the conveyance of oil fuel in the double bottoms of Atlantic liners, the retention of vessels in Allied ports under legal process, and the congestion and delay of ships at Port Said and in Italian ports. At the same meeting an invitation was addressed to the Japanese Government to join the Council, but this invitation had not been accepted by the date of the Armistice.

This third meeting of the Council, the first for four months, thus confirmed the action taken in its name since the last meeting; ratified the agreements effected informally between the Ministers during the same period; and explored the grave problems of supply for the opening fifth year of the war. But it deferred the definite solution of these problems till its next, and, as it proved, at once its most important and its final meeting during the war.

CHAPTER IX

FROM AUGUST 1918 TO THE ARMISTICE

The Current Work. Supplies of the Fifth Year. The Problem and Proposed Solution. Last Meeting of Council during the War (September 30). Its decisions. Statement of Shipping Position in September. Policy as to Public Announcements.

IN the month which elapsed between the third meeting of the Council on August 29-30 and the fourth on September 30, the Executive carried on their work without any incident of the first importance.

From August 15 to September 14, 603,314 tons of coal were dispatched to Italy, bringing the average for the six months to 593,061, excluding shipments for the special military reserve; 1,394,140 tons of coal were sent to France in August, 1,244,174 in September. The neutral pool tonnage under the control of the Executive increased by the end of September to 463,034 tons d.w. and was distributed on the general plan already described. Various technical measures were taken to improve the use of local tonnage to relieve congestion at Port Said and to utilize certain small French bay ports hitherto idle for want of tonnage of sufficiently small draught. The employment of thirty ex-enemy vessels recently acquired by Brazil was also arranged. Special measures were taken to meet a deficit of some 30,000 tons in the prospective Belgian relief supplies which had been caused by a strike of dockers at Rotterdam. Some help was also given in connexion with the transport of American troops of whom 313,000 in all were embarked in August, 103,985 in American and French tonnage, 195,589 in British, and 10,426 in Italian.

Much the most important work done during this month, however, was the examination of the big supply programmes, particularly of munitions and food, the preparation of a complete statement of the position for the Council and the agreement upon recommendations for action.

The statement so prepared and submitted to the Council on September 30 illustrates better than any other document the nature of the work of the Council and Executive at their stage of fullest development. It is, therefore, reprinted on p. 310 and may be briefly summarized here.

SUPPLIES FOR THE FIFTH YEAR

In preparing the proposals for the fifth year of the war the Executive now had the advantage of a much more accurate and authoritative estimate of the whole position than had hitherto been available. The Statistical Departments of the four national divisions had been in full working order for some time and were co-operating well. They now presented a unanimous estimate, carrying the collective authority of the experts of the four countries, as to the total quantity of imports which the European Allies could hope to transport in the fifth year. Within this total a selection could be made; but the total could not be exceeded unless the estimates were wrong; and no one was in a position to challenge estimates so prepared.

It was calculated that the total sea-borne imports which France, Italy, and the United Kingdom could expect to receive during the cereal year 1918-19 would amount to 72,500,000 tons weight.

This estimate made allowance for the shipping allotted to supplying the Fleets and the military expeditions, and to the maintenance of bunker depots; for the minimum requirements of the Colonies; and for certain definite obligations such as Belgian Relief and the conveyance to Norway of coal which had been furnished in return for her tonnage. It was considered, and rightly, that no withdrawals of tonnage from these services for import work would prove possible. No allowance was made for the provision of ships for American supplies. Even if no tonnage were diverted for that purpose the total imports would, therefore, only amount to

72.5 million tons	{	for coal „ raw materials „ food „ munitions	}	for the three European Allies.
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The real area of selection was, however, considerably smaller than these figures alone would suggest. 7,500,000 tons of ore, 3,500,000 tons of timber and paper-making material, 1,750,000 tons of sundry foodstuffs and raw materials were estimated to come in as return cargoes on vessels sent outward with coal, &c., from Great Britain. Reduction on these imports would be practically useless as no other necessary imports* could be obtained on the routes to which the vessels were being sent with their coal. In addition to these 12,750,000 tons of imports in which no useful economy could be made, the total of 72,500,000 tons included 25.2 million tons of coal for France and Italy. Here again no economy could be looked for, since the Italian import was certainly a bare minimum and no reduction in the French coal (sent in small Channel steamers) could be used to give any substantial help to other imports.

In considering the problem the Executive recommended the immediate acceptance of the coal imports. This, therefore, left

47.3 million tons	{	for raw materials ,, food ,, munitions	}	for the three European Allies.
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This figure included both the 12,750,000 of 'non-transferable' imports and also any military oats (i.e. oats for Army horses) it might be necessary to send to the military forces.

Before recommending allocation within this figure the Executive called attention to one favourable factor. There was a practical certainty that by the end of the summer of 1919 the enormous increase of American building would improve the whole shipping situation. This prospect could not of course increase imports in the intervening period. It made possible, however, a larger consumption in that period because stocks could be safely reduced to a lower point.

With this preface the Executive proceeded to explain that no substantial relief could be expected by any reduction in raw materials other than those included in the munitions demand.

This left, therefore,

39.8 million tons	{	for food ,, munitions	}	for the three European Allies.
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The essential issue was, therefore, to divide this 39·8 million tons between the two great programmes of food and munitions, which between them had asked for an importation of 49,000,000 tons.

The Executive first criticized the food demands. They pointed out that while 27,000,000 tons were now being asked the total importations for the previous year had only amounted to 22,500,000 tons and the harvests of 1918 were certainly better. The cereal harvests at home were estimated to amount to about 2,000,000 tons more. This was only partly offset by a comparative failure in other crops, and ought at least to enable imports to be kept down to the previous year's figure instead of being increased by 4,500,000 tons. Moreover, the larger supplies in the near source of North America enabled the stocks to be more safely run down. An actual emergency could be met with shorter notice. The Executive then recalled the provisional decision of the last meeting that the programme should begin on the basis of 18·5 million tons, excluding military oats, which was equivalent to about 20,000,000 tons including them. They recognized, however, that this was a very bare figure. They also pointed out that over a million tons of miscellaneous food imports would come in tonnage that could not be transferred at will, and at the same time could not from their nature be regarded as substitutes for the main imports in the 'priority' programme. They, therefore, recommended reducing the food programme by 5,000,000 tons, leaving the imports at 22,000,000 tons.

This left

17·8 million tons for munitions for the three European Allies.

The 17·8 million tons thus given to munitions involved a deficit of 4·2 million tons on their programme. And the deficit was really greater because no allowance had been made for supplying munitions from Allied stocks to the American Army, and it was certain that such supplies would have to be made.

Moreover, the problem of finding ships to transport American Army supplies from the North Atlantic was still unsolved, and there was no margin to meet it. At the same time the Executive were convinced that immediate assistance was necessary.

So strongly indeed had they felt this that, without waiting for a meeting of the Council, they had already approached the

British Government and secured the allocation of 200,000 tons of shipping for American supplies for loading in September and October, at the expense of an equivalent reduction in European imports. They now recommended that a further 300,000 tons should similarly be allotted before the end of the year. They felt able to take this action, and to do it without proposing a reduction in the total imports into Europe which the statisticians had estimated for the cereal year ending August 1919, because they believed that America would be able to give assistance at least equivalent to these 500,000 tons in the latter part of the cereal year itself. They were convinced, moreover, that this would result from the utilization of the ordinary Programme Committee and Transport Council machinery, and the application of the principle of equal sacrifice upon which they were based. They, therefore, proposed that this assistance should be given without any bargain as to the exact quantity of tonnage America would supply later and subject only to the condition that America would give adequate assurances as to co-operation with the Allies through the Allied Maritime Transport Council. The passage in which they explained their exact position (printed on p. 318) is perhaps the clearest presentation in an official document both of the position at this time and of the character of the Allied organization now developed.

The final recommendation, therefore, as to allocation between munitions and food was based on an estimate that in spite of immediate assistance given to American supplies 39·8 million tons of food and munitions together could be anticipated in the cereal year.

As explained above, this was distributed in the proportions of 22 million tons to food and 17·8 million tons to munitions, involving a reduction of 5 million tons in the first programme and 4·2 million tons in the second. The Executive proposed, however, the adoption of a further important principle designed to mitigate the consequences of these reductions. In the autumn of the year the actual food stocks in different countries were, of course, at their maximum, the harvests having just been reaped. It was precisely at this time of the year, however, that the largest importations of munitions and raw materials for manufacturing them were needed, so that the maximum offensive preparations

might be completed before the campaigns of the following spring. These two considerations both pointed to a larger proportion of munitions being imported during the autumn and winter, and of food in the following spring and summer.

With this preface the Executive made the following recommendations :

Munitions in Winter—Food afterwards.

(1) That during the later autumn and winter a general preference shall be given to the transport of munitions and Army supplies as compared with food.

(2) That, when necessary, but as late as possible without running undue risk of actual shortage of food, a similar preference shall be given to the transport of food in the spring or early summer.

Reduction of Stocks.

(3) That in view of the prospect of substantial deficit in the whole Allied tonnage position by next summer, and in order to avoid reducing the shipment of essential commodities required for actual consumption during the year up to August (particularly munitions) all supply departments should be asked to effect a reduction of stocks until they approximate, towards the end of August, to the quantities required for actual distribution.

Raw Materials.

(4) That the principle provisionally approved at the last session for raw materials, viz. that actual recorded consumption of last year should be taken as setting the maximum limit for programmes for the ensuing year, should continue to be applied.

Food.

(5) That 18·5 million tons of importations of all articles included in the Food Programme, except military oats, should be confirmed as the figure for the year.

(6) That if the food position at the end of the winter or later shows such a course to be necessary in order to avoid food shortage, food shipments shall have priority in excess of the proportion due on the 18·5 basis at the expense of tonnage allotted to other services.

(7) That the importation of military oats should still be continued provisionally on the basis of the old programme, pending a full report of the whole situation.

(8) That for the purpose of considering the tonnage available for other services the total importations of food (and all other articles included in the Food Programme), including all miscellaneous foodstuffs and military oats, should be provisionally estimated at 22,000,000 tons.

Munitions.

(9) That in estimating what is available for the European Munitions imports it should be provisionally assumed that any tonnage assistance rendered to America, whether by the allocation of ships or the supply of artillery, will be returned within the cereal year, thus leaving 17·8 million tons for European munitions, including ore, pyrites, phosphate rock, railway material, and lubricating oil, but that it should be recognized that this requires consideration after examination of the munitions programme, and in particular of the arrangements there proposed for supplies to the American forces.

Coal.

(10) That the strongest recommendations should be made to the British Government as to the immense importance to the entire Allied supply position of increasing the production of coal.

American Army Supply.

(11) That the action taken in the allocation of 200,000 tons of shipping (with increases to 250,000 tons if double-bottom shipments are discontinued) in September and October be confirmed, and that the Executive be instructed to endeavour to arrange to increase the allocation to a total of about 500,000 tons up to the end of the year in addition to any space which can be made available by the release of double bottoms.

American Co-operation.

(12) That these arrangements be subject to adequate assurances from America as to co-operation with the Allies through the Allied Maritime Transport Council.

American Trooping Programme.

(13) That the Council should not recommend at this moment any reduction in the embarkation of American soldiers in spite of the grave conditions of the import programmes as indicated above, but should be prepared to recommend such a reduction, if necessary, in the embarkations of next year in order to meet any crisis that may arise in the imports of food or other supplies at the time.

Public Statement of Position.

(14) That in view of the severe sacrifices that must in any event be entailed if the American military programme is continued a full statement of the position should be issued in the name of the Council and through the respective Governments to the public of the four countries, this statement emphasizing the fact that it is the supreme importance of increasing the Allied forces in France which is the reason for the sacrifices asked for, and that these sacrifices are likely to be required only during the winter and spring, the supply position being thereafter in all probability greatly improved.

The Executive concluded their recommendations by adding that they realized that if adopted they would cause hardship for the consuming public, injury to many interests, and grave anxiety to the controlling departments; but that in view of the supreme importance both of increasing the American forces in France to the maximum number and of fully equipping those forces so that they might obtain the maximum fighting value in the summer of the next year, they had not felt justified in recommending the only alternative course, namely, reduction of the American military programme on account of the shortage of tonnage.

FOURTH MEETING OF COUNCIL

The Council met in London for what proved to be the last meeting of the war from September 30 to October 2. It devoted itself to considering the report just summarized. The recommendations were all approved (see p. 338) with the addition of the following additional resolution :

That the Council, having before it the following provisional allocations of tonnage for arrival from September to December inclusive, viz.

Food, including military oats, 7,000,000 tons,
Munitions and raw materials, 9,000,000 tons,

recommends that approximately 500,000 tons be diverted from the above allocation for the American Army programme for October, November, and December, including the 200,000 tons already arranged, but in addition to any further space that can be provided by the release of double bottoms.

The public statement so authorized by the Council was prepared for issue, but owing to various difficulties, which need not be here detailed, could not be actually published before the date at which the imminence of the Armistice made it unnecessary. It is produced here as illustrating both the tonnage position at this moment and the kind of periodical statement which the Transport Council intended to issue during the following year had the war continued :

General Statement as to Allied Shipping Position (September 1918).

In view of the important assistance which it is possible for the public in the Allied countries to give to the supply of the military forces, and in particular to the transport and supply of the American Army, by economizing in the consumption both of food and other imported commodities, the Allied Maritime Transport Council have decided to issue from time to

time a general statement of the shipping position with full information as to losses and new building.

For this purpose it has been thought best to include in the information the losses and building of all the main maritime countries including neutrals, enemy powers alone being excluded; and to make the statement in terms of deadweight tonnage, in order to give a closer indication of cargo-carrying capacity than gross tonnage does. In view of the difficulty of obtaining up-to-date information as to new building in certain neutral countries, and of ascertaining the exact deadweight tonnage of certain classes of vessels, the information may sometimes be somewhat less exact than if it were confined to Allied countries and stated in terms of gross tonnage. The margin of possible inaccuracy is, however, small, and not sufficient, in the opinion of the Council, to outweigh the advantages of this form of statement.

The following table gives the losses and new building of vessels (exclusive of small craft) in the first eight months of this year:

	<i>Three European Allies (Great Britain, France, Italy).</i>	<i>United States.</i>	<i>Other Allies (Japan, Russia, Brazil, Greece, Portugal, Belgium).</i>	<i>Neutrals (Norway, Sweden, Spain, Denmark).</i>
	<i>Deadweight Tonnage.</i>	<i>Deadweight Tonnage.</i>	<i>Deadweight Tonnage.</i>	<i>Deadweight Tonnage.</i>
Losses (all causes)	2,819,000	387,000	222,000	396,000
Building . . .	1,679,000	1,798,000	470,000	169,000
Net loss or gain	- 1,140,000	+ 1,411,000	+ 248,000	- 227,000

The general Allied shipping position is thus that the Allies are now building more ships than they are losing but not so many more as the additional number required for the American Army in France.

During this period America has built nearly 1,500,000 tons deadweight more vessels than she has lost, but she has needed all these and more besides to transport and maintain her forces in France.

The European Allies have, on the other hand, lost a little over 1,000,000 tons more than they have built, and as it is for the present necessary for British tonnage to assist in both the transportation and supply of American tonnage, the need for economy and rigid restriction of all import commodities is as great as ever.

It is true that the submarine has failed in its first object, which was to reduce the military strength of Great Britain, France, and Italy, by reducing the supplies both to maintain their forces and to feed their populations.

Every army in every field has hitherto been fully supplied, and no reduction has been made on account of the submarine campaign. On the contrary, in addition to the forces which were in the field when the intensive campaign commenced in the early part of 1917, it is a matter of public

knowledge that there are now in France about 1,750,000 American troops. That army is the measure of the failure of the submarine.

World building, including American, now exceeds world losses, and the harvests of this year are somewhat better than those of last year. This means that the Allies can transport and supply in France for next year's campaign an immensely larger army than they have ever commanded before, but it does not mean that there is tonnage sufficient to import more or even as much for civilian consumption in the future as in the past. On the contrary, both the need and reward of economy are greater than ever. Early victory depends upon having sufficient forces in France to achieve decisive success and upon making it clear at the earliest moment to all countries, including the enemy, that the Allies will have such a force and mean to use it. America has the men, and desires as much as the European Allies do that they shall come and come quickly. But these forces would necessarily be limited if the supplies in France to maintain them and the ships to transport those supplies were insufficient. Every pound of supplies, whether of food or clothing or other imported articles, which we can save here means so much more shipping to take supplies for the armies in France, and therefore so much more help towards a bigger force and early victory.

If every one in the three European Allied countries saved only two ounces a day as compared with last year's consumption, this saving alone would enable half a million additional troops to be sent to France and maintained there.

It is well that the public should, in considering the sacrifices they are asked to make, remember those which Germany has borne for several years. In Germany the allowance of bread is $2\frac{3}{4}$ pounds a week, their allowance of bacon and meat together amounts to 9 ounces a week, their allowance of fat between 2 and $2\frac{1}{2}$ ounces per week.

The Allied countries will not be asked to suffer a reduction in food so serious as this, and such reductions as will be necessary will be made with the definite prospect of lasting only a few months. There is every hope that by the summer of next year at the latest the whole Allied shipping position will be substantially improved. If, however, the maximum number of American troops are to be transported to France before the fighting of next year, and if the supplies, without which they cannot attain their full fighting efficiency, are also to be sent, it can only be by such a use of ships as will necessarily involve severe, though temporary, hardship to the public in the Allied countries.

This announcement was designed to steer a middle course between the Scylla and Charybdis of all statements of the shipping and submarine position during the war. If these were optimistic they encouraged consumption and made the task of those

attempting to enforce restrictions more difficult. If they were pessimistic they encouraged the enemy. The practical result of these conflicting considerations was that the statements were alternately too sanguine and too depressing. This had the worst possible effects. Not only did it confuse the public and discredit official communications, but each kind of statement tended to be ignored by those for whom it was primarily designed. If a depressing statement was issued it was ignored by the Allied citizen who found it unpleasant to have a good meal disturbed by a bad conscience; but it was read eagerly by the enemy, who derived from it a much needed encouragement. If a sanguine statement was issued it was for converse reasons read eagerly at home and discredited in Germany. The one escape from this dilemma was to emphasize constantly the difference between the extreme restrictions in Germany and the much lighter restrictions which the Allied populations were asked to bear; to show that the whole Allied cause depended upon reduced consumption; and that with such reduction success was assured. This was indeed the real truth of the position and its statement in this form could neither encourage the enemy nor give any excuse for unnecessary consumption at home. It had been frequently urged, but the central control of public announcements on a subject with so wide a range had not been sufficiently effective to enable it to be consistently maintained.

CURRENT WORK

The current work of the Executive during the last two months before the Armistice may be briefly summarized.

In the two months September 15 to November 14, 1,199,958 tons of coal were sent to Italy, of which 865,790 tons were British and 334,168 French. This gave an average for the eight months of 594,790 tons (in addition to the military reserve) as compared with the programme of 600,000 tons.

France received 1,244,174 tons of coal in September and 1,251,073 in October. The average for the seven months was 1,380,430 tons as compared with the nominal programme of 1,740,000; but, as previously explained, the shortage was due to other causes than the failure to provide tonnage.

Belgian relief was adequately maintained with the assistance of certain emergency shipments, small deficits in the four months June to September being nearly made up by arrivals in excess of the programme in October and November.

The neutral pool tonnage increased to over 500,000 tons d.w. and was satisfactorily dealt with.

A large number of detailed arrangements were made to give emergency assistance to several Allied services or to effect economies.

Among these, one arrangement of particular interest may be noted. It has been pointed out that on the whole the imports required by the Allies for war purposes tended to be heavier in relation to size than peace imports, so that ships, while loaded down to their Plimsoll marks, commonly had empty space in them. But the requirements of the American Army were very different in character. Operating with a home base three thousand miles away, they had to bring a large proportion of manufactured articles (motor cars, &c.) which the European Allies made at home and did not need to ship or only had to ship across the Channel. Manufactured articles of this kind tend to be bulky and light in proportion to their size. American cargoes, therefore, tended to be 'measurement cargoes' which filled the ship's space while still leaving it to ride light well above the Plimsoll marks. The French munitions from North America at this time included cargoes of exactly the opposite kind, steel and rails and other articles which were compact and heavy. The separate arrangement of these two programmes therefore involved French ships leaving North America heavily loaded down to their marks with empty space in them ; and American ships leaving the same ports with all their space full but with less weight than they were capable of carrying. The Executive therefore arranged with the American Government to load 150,000 tons of French steel a month in American ships, supplying extra tonnage to America in compensation. This enabled a much better combination of cargoes to be effected. The net economy was estimated at about 50,000 tons of imports a month, which was equivalent to the continuous employment of about 125,000 tons d.w. of shipping in the North Atlantic.

Throughout the whole year a valuable saving in shipping had been effected by another co-operative arrangement. It was agreed that all suitable vessels, whether British, Italian, or neutral, and whether under the orders of the British or Italian Governments or the A.M.T.C., which took coal to Italy should on their return voyage bring ore to United Kingdom from the Mediterranean or Spain. This agreement was conscientiously executed by the Italian Government in spite of the serious delays to their vessels which were sometimes involved, and the arrangement proved of very great value in maintaining British ore supplies which were the most vital raw material of the munitions manufactures and had at one time been dangerously low.

Meantime the difficult and intricate arrangements for allotting tonnage in accordance with the approved Food Programme were successfully made and each country received its allotted quota within a very narrow margin.

In accordance with the plan described above 200,000 tons of shipping were allotted in aid of the American supply programme in October, and a further 69,893 had been allotted in November when the Armistice terminated the arrangements.

Finally, shortly before the Armistice, America took drastic action to put into effect the principles to which she had recently assented in October, by the most severe reductions in her imports programme and by the issue of orders to withdraw a large proportion of the tonnage hitherto engaged in civilian work for war service.

The Armistice thus found the Allied organization in efficient and almost complete working order, its immediate task successfully accomplished, and its preparations for the serious but final strain of the ensuing winter well in hand.

CHAPTER X

AFTER THE ARMISTICE

The Councils' loss of Authority. Shipping position in winter of 1918-19. The importance of Port Delays. Reasons for loss of authority. Plans of Transport Executive for Armistice Work. The proposed 'General Economic Council'. The Allied Council of Supply and Relief. The Supreme Economic Council. Armistice Tasks. Enemy tonnage. Transport of food, of prisoners, of returning troops.

THE Allied Maritime Transport Council and its Executive reached the climax of their authority and their utility in the autumn of 1918. From the Armistice onwards their power diminished to a mere shadow of its former self and such utility as they continued to possess was within different and more limited spheres of action. The Council itself was not indeed formally terminated until April 7, 1919, when it became merged in the Supreme Economic Council, and the Executive, with changed duties and personnel, continued in existence as late as February 7, 1920. The work undertaken and the influence exercised by both the Council and Executive were, however, entirely different after the conclusion of hostilities.

It is necessary and very instructive to trace the course of this decline from power during the winter of 1918-19, though it is a somewhat painful duty for any one who was associated with the Allied organization in the period of the war.

SHIPPING IN THE WINTER OF 1918-19

It will be well, however, in order that the events of the next few months may be seen in their proper perspective, to preface the description of them by a slight sketch of the development of the tonnage position throughout the winter of 1918-19.

There was the same kind of pause in the transition from war to peace as there had been in August 1914 in the transition from peace to war. The demand on tonnage for war supplies ceased

abruptly and the full demands of civilian life only became slowly operative. The stoppage of munitions shipments, the termination of the convoy arrangements and therefore of the incidental delays, the cessation of sinkings, the release of ships allocated to the transport of American troops to France, gave an immediate relief to the tonnage situation. The combined effect of these circumstances was to render it difficult, not to find shipping for the work required of them, but to decide to what new work to allocate vessels completing their voyages. For the moment there was an apparent surplus of tonnage. A number of charters were offered or concluded at comparatively low rates, and the liner freights in the North Atlantic fell in some cases to one-sixth of the rates in force immediately before.

This state of affairs was rapidly terminated. The end of hostilities was at once followed by labour difficulties. Port congestion became serious in nearly every country in the world, and the transporting capacity of vessels was therefore seriously reduced. The labour difficulties coincided with an immense demand for repairs postponed during the war and for the reconditioning of vessels returned from Government service. In the United Kingdom alone over six hundred vessels were under or awaiting repair. At the same time, the policy of de-controlling ships from Government requisition which was begun by the United States, Great Britain, and France alike in February 1919, resulted in the return of vessels to long distance pre-war routes and to some extent in their use for the transport of commodities not regarded as essential during the war. While these factors were again rendering the tonnage situation stringent, the demand for cargo tonnage, for relief supplies, and for passenger tonnage for repatriation purposes, became effective. Though some assistance was afforded by the Austrian tonnage, none was forthcoming from the more important German tonnage which remained idle until late in March. On the top of these difficulties came the threat of a triple strike in the United Kingdom of the coal miners, the dock labourers, and the transport workers. This, although it was ultimately averted, necessitated such precautionary measures as the increase of shipments of coal to bunker stations and the 'double bunkering' of vessels in the North Atlantic, with corresponding

loss of cargo. The Italian Government were faced with a situation of extreme gravity, as a coal strike in the United Kingdom would have forced them to divert vessels allotted for wheat from North America for the transport of American coal and their reduced food stocks allowed no sufficient margin for any such diversions.

The combined effect of these causes was a stringent tonnage situation in March 1919, comparable in its actual difficulties (in spite of the increase in the number of ships and the decrease in real requirements) to the worst period of the war.

On March 14, however, an agreement was concluded which had the effect of bringing the German ships into use, and the position improved gradually, although not very rapidly, after that date. Henceforth though shipping remained apparently short, and freights high, tonnage was steadily increasing, and the main cause of such shortage as there was, was due to delays in loading and discharging.

The importance of this cause during 1919 is indeed very remarkable. The delays themselves were due partly to the dislocation of internal railway transport, which left the docks congested with goods, and partly to shorter hours or slacker work. The result was to reduce the importing capacity of ships by more than 30 per cent., that is, the ships in 1919 carried less than 70 per cent. of the cargoes which they would have carried if port conditions of loading and discharge had been as they were in 1913. This fact may be forcibly put by stating that if it had been possible in 1919, by a wave of a magic wand, either to bring back at once into active employment all the tonnage sunk by the Germans throughout the war, or alternatively to improve port conditions to their 1913 level, the second of these alternatives would have given much the greater relief to the situation and help to the general economic position of the world.

But although after the first pause between war and peace shipping long remained inadequate to the demands upon it, it ceased immediately on the conclusion of hostilities to be the main factor in the general economic position. From that moment, difficulties of money became more important than difficulties of shipping. Half of Europe had no money to buy the necessities of life; the rest of the world had lost its impelling motive to lend;

finance resumed its normal position, more indeed than its normal position, of dominance over the supply system.

In these circumstances it was inevitable that a shipping organization as such could not continue to control or exercise any considerable influence upon economic policy after the termination of hostilities. The power of this organization had depended upon the fact that shipping was the limiting factor in supplies, that supplies were so urgently needed and finance so relatively unimportant that the amount of shipping determined the quantity of supplies imported, and the allocation of shipping determined what supplies should be imported. The general control of supplies, and therefore of economic policy, had thus been forced automatically into the hands of those who controlled ships. From the moment the enemy was beaten, their power was necessarily ended.

The Transport Executive had clearly foreseen some time before the Armistice, first, that a shipping organization, as such, could not control the economic position; second, that while shipping would be released through war requirements it would still be in strong demand for many new needs that peace would bring, particularly for relief; and third, that an Allied economic organization would certainly be required both for relief purposes and for solving the innumerable economic problems either left over from the war or necessarily arising with the conclusion of peace.

As soon as it became evident at the end of October 1918 that an Armistice would be signed, the loading programmes of ships under Allied control were examined. Detailed loading instructions were sent to loading officers in ports throughout the world informing them what supplies should be left behind and what supplies shipped if an Armistice were concluded. These instructions, which were telegraphed confidentially to them some days before the Armistice, came automatically into effect upon its conclusion.

In the next place, the Transport Executive and the permanent representatives of the Food Council examined the probable effect on the supply arrangements of the Allies of the conclusion of an Armistice with particular reference to the new imports probably required into neutral countries, and into Germany if the blockade was suspended. On October 28 they strongly recommended that

a provision should be included in the Armistice itself which would secure the delivery of the German and Austrian vessels and their control by the Allied Maritime Transport Council, and a member of the Transport Executive went to Paris to press this recommendation (see p. 323). From the point of view of the strict purposes of an Armistice (i. e. to maintain a certain military position during the negotiations for peace) such a provision would perhaps have been somewhat irregular since the enemy's military position remained the same, whether his ships were immobilized in his own harbours or under Allied control. Whether for this or other reasons the proposal was not adopted and no provision was made in the Armistice of November 11 for the surrender of the German ships. In the event, through reasons which will appear below, no provision was made to secure the use of more ships till two months had elapsed, and, further difficulties accruing, the delivery of the ships did not actually begin until March 22, 1919. This delay in the utilization of nearly a million tons of shipping ready for sea for about four months had a substantial effect on the world's shipping position and in particular increased seriously the difficulties of relief.

THE PROPOSED GENERAL ECONOMIC COUNCIL

More important, and for the moment equally unsuccessful, were the proposals for the continued control of the economic position during the transition period by an Allied organization. Realizing, as the event proved, that such control would be required, and knowing by experience the difficulties and delay in creating a new organization with new personnel and new machinery, all the members of the Executive, and others associated with its working, agreed that the best course was for the Allied Maritime Transport Council itself to be converted without breach of continuity into a General Economic Council with certain extensions and changes of personnel. They at once brought the question before their respective Governments. The British Government took the initiative in making a formal proposal to the other Governments. A memorandum was submitted to them which pointed out that among a large number of questions which might call for Inter-Allied discussion the following were of special urgency:

(a) the nature and the amount of the assistance to be given by the Allies for the reconstruction of devastated territories ; (b) exchanges and other reciprocal concessions between the Allies in foodstuffs and other essential commodities ; and (c) concerted action in acquiring and distributing essential commodities of which the supply was insufficient.

Within two days of the Armistice, on November 13, an official communication was made to the Governments of the United States, France, and Italy suggesting that it was desirable to revise the representation and functions of the A.M.T.C., so as to make it a General Economic Council which would co-ordinate the work of the various Councils and through them the work of the Programme Committees (see p. 329).

The American Government, however, took the view that it was desirable after the cessation of hostilities that the war organizations should be discontinued and that where necessary the new problems of the Armistice period should be dealt with by appropriate new machinery. The Transport Council was thus deprived of the authority necessary to carry on the work which it had contemplated.

During December prolonged discussions took place between the Food Controllers and other members of the Allied and Associated Governments as to the principles upon which a new body to be concerned with the re-victualling of Allied, neutral, and enemy countries should be formed. Agreement on a document was arrived at on December 12 and the resulting Council, the Allied Supreme Council of Supply and Relief was established in Paris in January 1919. This Council, restricted to one not clearly separable part of the many economic problems facing the Allies, without the assistance of a staff accustomed to work together and without either the uniting force of the war or the tradition of united action which that force had given to the war organizations, proved ineffective.

In February 1919 it was merged in and replaced by the Supreme Economic Council, which was in personnel, in functions, and in general principles of organization, almost exactly the same as the body into which the Transport Executive had proposed to transform the Transport Council at the beginning of the previous

November. Even so, however, the new Council was too tardily commenced, too hurriedly improvised, and insufficiently equipped with a personnel accustomed to corporate work. Moreover, over three invaluable months had in the meantime been lost. There can be little doubt that if the two proposals made by the Transport Executive before the Armistice had been adopted the economic position in the spring of 1919 and possibly afterwards would have been substantially better. The German ships would have been at work in December instead of March, and food would have gone into Germany as from January instead of April, with results it is not easy now to measure exactly upon the political position in Germany and the consequent difficulties of the earlier peace negotiations. At the same time the relief assistance given to the rest of Europe would have been facilitated.

ARMISTICE TASKS

Meantime the Allied Maritime Transport Council and Executive, denied the opportunity of dealing with other economic problems, were left to continue their own particular task of dealing with shipping, with the difference that to deal with shipping now meant to deal with shipping only and not to control supplies. It was, of course, evident as soon as hostilities ceased that the system adopted during the war of allotting tonnage in accordance with a number of specified Allied programmes was now no longer either necessary or practicable. That system imposed a joint responsibility upon all the Associated Governments both for the programmes of each country and the employment of each merchant marine, and implied a complete and effective requisitioning of all ships. There was a general desire that the consequent limitation on the freedom of action of each national Government should be removed as soon as possible, and that each Government should deal independently and responsibly with its own import problem, and should be free at the time it judged best to release its own shipping either partially or completely from Government control. The British Government were anxious to proceed rapidly with this policy of release from control, and were indeed disposed to believe that full freedom could be given at a much earlier date than ultimately proved possible. The French and Italian Govern-

ments, while entirely agreeing that ultimate freedom was desirable, were not unnaturally anxious to be safeguarded in the transition from one system to another against the risk of either failing to secure adequate tonnage or having to pay undue rates of freight. The reasonableness of this position was recognized by the British Government, who concluded two agreements, one with France and one with Italy, guaranteeing each country tonnage up to a specified maximum limit (namely the amount of tonnage in service on the conclusion of hostilities) at a specified maximum rate, in general 25s. per ton dead weight per month. The terms of the agreement are printed on p. 332 and an explanation of the principle involved is given in the letter of January 30, 1919, printed on the following page.

Meantime the Council and Executive were faced with the obvious and urgent problem of the acquisition, the distribution for management as between the Governments, and the allocation for employment between the various services, of the German and Austrian tonnage. The immediate problem was very different for the two classes of tonnage.

The German vessels were either in German ports or under German control in neutral ports and, no provision having been inserted in the Armistice of November 11, could only be brought into use by negotiation. These negotiations were long and intricate and cannot here be fully described. They were carried out partly by the members of the Transport Executive, partly by members of the Food Council's organization and partly by special members delegated from the Supreme Economic Council or otherwise appointed. It is sufficient here to state briefly that a clause in the renewed Armistice of January 16 and the Trèves Agreement of January 17 provided that the German ships should be surrendered and that Germany should be enabled to import food subject to the provision of the requisite finance; that delay in the provision of food occurred through the competing claims of reparation for the money proposed by the Germans; and that in the meantime the Germans withheld their ships. These difficulties were only finally resolved by the Brussels agreement of March 14, 1919, after which the delivery of the vessels proceeded expeditiously. Till this date the problem of acquiring

the ships of course took priority over any questions as to how to manage and employ them. The Austrian tonnage was, on the other hand, in ports which were occupied by the Italian Government at the Armistice and came at once into their control. It was arranged on December 21, 1918, that they should be provisionally controlled by the Transport Council and fly an Allied flag. Their employment therefore required immediate settlement.

Throughout the Armistice period there were three new services of a kind particularly appropriate for the new enemy tonnage.

In the first place, there was an immense number of prisoners of nearly every Allied nationality requiring repatriation. This presented a very difficult problem because little certain information was available or obtainable as to the numbers of the prisoners, as to where they were and as to alternative means of transport, for example, by land. At the same time there was naturally an extreme pressure of public opinion to effect repatriation at the earliest possible moment. In these circumstances the formation of any definite and stable plans was a matter of the utmost difficulty. Week by week the arrangements had to be changed and new negotiations of a peculiarly delicate character conducted between the different Allied Governments, each of whom was pressing the demands for the repatriation of its own prisoners strongly upon the authorities controlling the new tonnage.

In the second place, and only less urgent, was the desire of each country to repatriate its own troops. Here again the principles upon which to determine allocation were very difficult. America could claim with truth that all her soldiers were parted from their homes by a greater distance than those of the main European Allies, and that this distance had prevented them having leave at home as French and British soldiers had been able to. They were also able to claim that France needed no ships to repatriate the great bulk of her Army, and that Great Britain could repatriate the bulk of hers by rapid cross-Channel passages, needing none or few of the new ships acquired from the enemy. On the other hand, Great Britain could claim that while this was true as to English soldiers, the early repatriation of English soldiers was no consolation to Australian and Canadian troops, who could make the same claims as America, with the additional

and very strong one that they had been separated from their homes, not for months, but for years. France was able to make a strong though modest claim for the repatriation of her Colonial troops and a very delicate question arose as to whether, other things equal, coloured troops had as strong a claim for early repatriation as white troops.

A third service suitable for the new tonnage was that of the transport of food for relief purposes, both to Allied countries in distress, such as Serbia, and to Germany. Complicating the difficult negotiations was the fear on the part of each Government that allocation for purposes of immediate management and service, however carefully safeguarded by undertakings as to the provisional character of the allocation, would in fact have a considerable influence on the final assignment of vessels for permanent ownership.

This third service was not in very direct conflict with the first two because it involved the conveyance of cargo and not of passengers.

The difficult problems with regard to acquisition, management, and employment of German and Austrian tonnage necessarily devolved upon the Transport Council and its Executive in the absence of any other authority. They were, however, seriously handicapped in this work by the fact that, owing to the circumstances described above, their power had lapsed and they had received no clear authority from the respective Governments to deal with the greater part of the new work. They did in fact undertake it and carry a considerable part of it through successfully, but on a number of crucial occasions their action was either delayed or rendered ineffective. It was not until February 25 that a decision of the Supreme Economic Council, then recently constituted, gave full and clear authority. In the earlier period the work had to be carried on under the difficulty of having to negotiate with each of the Governments separately on each question of importance. It was in order to deal with these problems that the last two meetings of the Council on February 1 to 11 and on March 10 were held in Paris, and the Executive was chiefly occupied in the same work during this period.

CHAPTER XI

LAST DAYS OF THE COUNCIL

Italian Coal before and after the Armistice. New Shipping Agreements between Great Britain, France, and Italy. The End of Co-operative Management. The Fifth Meeting of the Council (February 1, 1919). Acquisition and Allocation of German Ships. The Sixth and Final Meeting of the Council (March 10, 1919). Disruption of the Council (April 7, 1919). Work of Executive April 1919–February 1920. Its End.

LITTLE need be said, beyond the general description in the last chapter, of the current work of the Executive during the months immediately after the Armistice. The reaction from the strain of the war was at once reflected in the supply services ; work slackened ; production diminished.

Throughout the pressure of the last eight crucial months of the war Italy had been regularly supplied with almost her exact quota of 600,000 tons of coal a month. In the month after the Armistice the quantity dropped to 503,776 tons, and in the succeeding month to 346,282, mainly through difficulties of supply in England. This resulted in a desperate situation in Italy, and by a great effort the supply was raised in the third month to 663,735 tons. After that Italy was dependent mainly upon her own efforts, and never afterwards in 1919 managed to secure as much as in the last year of the war, in spite of the diminished demands upon tonnage.

For the three months the supply of coal to France amounted to 1,261,704, 1,154,550, and 1,216,951 tons, as compared with the average for the ten months of 1,365,714 tons.

Meantime, as already explained, new agreements had been concluded by Great Britain with France and Italy under which the joint responsibility for supply programmes was terminated. A definite minimum of tonnage was guaranteed, but there was no common responsibility for its employment or for the variation of the amount in accordance with any variation of requirements.

The Allies returned in this new agreement in December 1918 from the principle of the agreement of November 3, 1917, to that of the earlier agreement of December 3, 1916.

Meantime the Executive continued the control of the chartered neutral tonnage, and maintained the supplies of Belgian Relief.

In the absence of any other authority, but with no definite mandate from the Governments, the Executive arranged the allocation of the Austro-Hungarian tonnage which had come under the control of the Italian Government. It was agreed that the small vessels should be left in the Adriatic for trooping and supply work; that passenger vessels should be allotted to repatriation of prisoners in priority over repatriation of troops, and that the cargo vessels should be given to the food programme, the largest going to Australia, those of the remainder which were suitable for the North Atlantic being sent there and the rest going to South America. By the middle of February 132 vessels had been allotted in accordance with these principles to the following routes :

<i>Service.</i>	<i>No.</i>	<i>Gross Tons.</i>
1. Mediterranean and Adriatic Trooping . . .	60	63,724
2. Foodstuffs from South America . . .	17	54,619
3. Foodstuffs from North America . . .	31	120,853
4. Foodstuffs from Australia . . .	11	54,682
5. Repatriation of Prisoners of War . . .	10	47,501
6. American Trooping . . .	3	25,259
Total . . .	132	366,638

Considerable work was carried out during the same period in the arrangement of the repatriation of prisoners.

FIFTH MEETING OF THE COUNCIL

Four eventful months elapsed between the fourth meeting of the Council before the Armistice and its fifth session in Paris on February 1, 1919.

By that time its personnel, its authority, and its work were transformed. One of the two British Ministers had resigned, the other was absent, and British representation was left to the member of the Executive. The senior of the American Delegates had resigned, and the second Delegate, though attending this meeting, was on the point of resignation. One of the two French

Ministers and one of the Italian Ministers were absent. The American Shipping Controller, however, was in Paris, and was in consultation, though not attending the formal meetings.

The Council at this fifth session was concerned throughout with the acquisition, management, and employment of the enemy tonnage.

The Trêves agreement concluded on January 17 was first considered. This provided for the surrender of the German vessels for use during the Armistice in return for the provision of facilities to import food, but left a number of detailed arrangements to be settled at a subsequent meeting. The Council now therefore appointed representatives to meet the Germans at a conference arranged to take place at Spa, and determined the general lines of policy within which they were authorized to treat. It was agreed, for instance, not to acquire certain types of vessels at once, e.g. fishing vessels and vessels under 1,600 tons gross without passenger accommodation, and to credit the German Government with hire for the vessels.

At the same meeting the Council decided to use enemy cargo tonnage for the relief of liberated territories and enemy countries, and enemy passenger tonnage for the repatriation of prisoners, refugees, and troops.

Various precautions were taken to see that the directions of the Council as to the use of the vessels were observed, and that allocation during the Armistice period should not prejudice ultimate ownership. All enemy ships, for instance, were required to fly the A.M.T.C. flag in addition to the flag of the Allied country under whose management they were sailing.

At the same meeting the allocation for management of the first batch of fifty-three German cargo vessels was arranged between France and Great Britain; and the Council noted an important declaration that Great Britain and America had agreed to divide equally between them any German long distance passenger vessels that might fall to their joint share with the intention of using them for the repatriation of their troops.

LAST MEETING OF THE COUNCIL

A short and final meeting of the Council, the sixth, was held in Paris on March 10 when France's share of the German tonnage during the Armistice was agreed, and as Italy's claims were satisfied by the Austrian tonnage in her hands the main problems of allocation were solved.

By this time the Supreme Economic Council, whose personnel was to a large extent identical with that of the Transport Council, was at work, and the continued existence of the latter Council seemed unnecessary.

The Supreme Economic Council on March 24 referred the question to a committee which met on the same day and recommended that the Transport Council should be dissolved. It proposed, however, that the Transport Executive should be reconstituted, should sit in London and take its instructions in future on questions of major policy from the Supreme Economic Council, which should in turn be advised by a Shipping Committee sitting in Paris and acting in liaison with the Executive. These recommendations were adopted by the Supreme Economic Council on April 7, 1919, and the Allied Maritime Transport Council thereupon ceased to exist.

Henceforward, therefore, the Transport Executive was responsible to the Supreme Economic Council, which was an effective superior body so long as it continued to meet regularly, that is till the signature of the Peace Treaty in June 1919. After that, the Council ceased its regular meetings and only met at long intervals. The Transport Executive then continued its work in a more independent position, reporting to the Economic Council when it met, but in the long and increasing intervals taking such instructions as were necessary direct from the Ministers of the different Allied countries.

It must be remembered that throughout 1919 the German vessels were legally held under the Trêves and Brussels Agreements, which gave the temporary use of the vessels in return for the supply of food to Germany. During the whole of this period they were being allotted to the different Allies for use and employment, both for the carriage of German supplies and for other purposes,

under temporary arrangements which were specifically not to prejudice the final distribution of the vessels under the Peace Treaty. Once the Treaty was signed, however, with its provision as to the surrender of all large enemy ships to the Allies, questions necessarily arose in the allocation and use of the vessels which had an interest from the point of view of their final distribution. When therefore the Organization Committee of the Reparation Commission was formed in August 1919 in anticipation of the Commission itself, which could only be constituted upon ratification of the Treaty in the following January, we find the Executive frequently taking instructions from this Committee. In July 1919 indeed it was asked to prepare a plan for the final division of the ships and to collect all the statistical information which might facilitate it. With the coming into force of the Peace Treaty in January 1920, all the German vessels were deemed to have been automatically transferred to the Reparation Commission, and the Commission established a special department, the Maritime Service, for the work involved in arranging delivery and distribution. The Transport Executive thereupon advised the Supreme Economic Council to disband it. This advice was accepted on February 7, 1920, and the existence of the Transport Executive was thus formally terminated.

So finished the Transport Council and Executive, not 'foaming in full body over the precipice' but 'straggling miserably to an end in sandy deltas'. They had shrunk and shrivelled, and been drained of their life and power, long before their formal dissolution.

CHAPTER XII

RESULTS ACHIEVED

The function of the Council was to influence the executive action of the National Governments, not to take executive action itself. Allied Food. Allied Munitions. Italian Coal. French Coal. Belgian Relief. Neutral 'Pool Tonnage'. Other work. Summary. Limits of the Councils' Success.

WE have now followed the general course and development of the work of the Council and Executive to the end. Before attempting to draw conclusions for the future of International Administration it will be well to review briefly the definite results achieved. For this purpose we may ignore the months of diminished authority and activity which followed the Armistice and confine ourselves to the period of eight months between the first meeting of the Council and the cessation of hostilities.

It must of course be remembered that the results would be more accurately described as the work of the several Allied Governments under the co-ordinating influence of the Transport Council and its Executive than as the sole work of these latter bodies. Every allocation of the national shipping was made by the authority of the national Government, and every change in the national supply programme was similarly made. The Transport Council was in form, and to a large extent in effect, an advisory body with increasing influence but without executive power. The executive power was vested in, and the great bulk of the executive work was carried out by, the national departments and not by the Allied organization. The results given, however, reflect accurately the amount of Allied co-operation and the recognition of Allied needs by the national departments under the general influence of the Allied methods and point of view, of which the most important expression and instrument was the Transport Council. The principal factor in securing an increase in Italian coal shipments for example was that the British Ministry of Shipping recognized more adequately in 1918 than in 1917 the Italian need for coal and

gave effect to that recognition by the provision of British tonnage. The Transport Council itself could not provide this tonnage, but it could and did secure the consent of the British Government to its provision : and so with the other requirements for which the Council accepted a special responsibility and in which it exercised a special influence.

With this proviso we may review the main effects of the Council's work.

ALLIED FOOD

The Allied system attained its full development in the arrangements made for the Allied food supplies. Before 1918 each Allied country had provided transport for its own food, partly in its own ships, partly in chartered tonnage, partly in vessels provided by Great Britain on no definite and comprehensive plan. Early in 1918, however, and after the agreement of November 3, 1917, Great Britain began to allot British tonnage for the transport of French and Italian cereals in exact accordance with the programme of wheat allotment agreed to by the Wheat Executive ; and by the end of the cereal year August 31, 1918, tonnage was so arranged as to secure the deliveries required.

The Transport Council then accepted a responsibility for dealing with the whole Allied food programme, including meat, sugar, oil seeds as well as cereals on the same basis. This widely extended responsibility was successfully discharged and the full arrangements were put into operation from the beginning of the new cereal year. The tonnage arranged by the Armistice was such as to secure imports for every country up to the full cereal allotment, with a small surplus, and for the other imports with a small margin of deficiency. The following table shows that the total maximum deficit for any country was less than 6 per cent.

TONNAGE ARRANGED BY NOVEMBER FOR DELIVERIES
SEPTEMBER—END DECEMBER

	<i>Cereals.</i>	<i>Percentage of Requirements.</i>	<i>Other Food.</i>	<i>Percentage of Requirements.</i>	<i>Total Percentage.</i>
France . . .	922,590	109.8	476,043	80.7	97.8
Great Britain . . .	2,344,630	114.4	1,588,629	105.2	110.5
Italy . . .	1,037,213	104.2	158,047	59.6	94.8

The provision of this tonnage required the diversion of ships

under British management (in addition to British ships chartered by the Allies and under their control) to the extent of 1,104,000 tons to France and 989,000 tons to Italy.

The arrangements made for food in the first few months of the cereal year beginning in September 1918 represent the most complete example of the working of the Allied system. The food was bought in common and was divided by agreement of the Allied food representatives on or under the Food Council. The credit required from America was provided on the basis of the programme so arranged; and the ships required from Great Britain were allotted on the same basis. The range of the supplies covered was immense; their distribution involved the problem of measuring the relative needs of different countries in the most difficult form. There was considerable divergence of national interest. The technical difficulties of allotting suitable ships were greatly increased by the fact that they were drawn from several national controls and had to meet the varying arrivals of food in different loading ports. In spite of this the arrangements were successfully made and efficiently carried out by both the food and shipping authorities. It is a most remarkable fact that though the Allies had 2,000,000 tons less shipping at their disposal and had a new army to transport and supply from America, their food stocks at the time of the Armistice were much greater than they had been a year before.

ALLIED MUNITIONS

Till the autumn of 1918 tonnage for supplies of munitions for France and Italy had been allotted on the best judgment that could be formed of the competing needs of the moment. Emergency arrangements with all their disadvantages were therefore frequently required. Considerable tonnage was allotted to France in the early part of the year to increase her imports of nitrates and general munitions and, though she suffered from some deficiency in railway wagons and materials, her position as a whole was never critical. In Italy, on the other hand, the munitions position, particularly after the captures of Caporetto, was very grave. The Allies had no complete information as to her requirements and had assumed no collective responsibility.

A review of the position early in 1918 showed the absolute necessity for further imports of munitions. Large shipments were made both from England and America of steel, nitrates, and general munitions, and the situation was substantially relieved. In October the Transport Council accepted full responsibility for Allied munitions (within the limits they assigned) on the same basis as for food. Insufficient time had, of course, elapsed before the conclusion of the Armistice six weeks later for the arrangements to be brought into full working order, but in the interval the Transport Executive had succeeded in providing all the tonnage which the Allied representatives desired.

ITALIAN COAL

Under pressure of great difficulties of supply Italy had reduced her pre-war consumption of nearly a million tons a month to about 600,000 tons. All this had to be imported, as Italy herself only produces a negligible amount. In 1917, however, her imports had only averaged about 440,000 tons a month. She had maintained her consumption at 600,000 tons by drawing 160,000 tons a month from her last reserves of stock. These reserves were exhausted, and in February 1918 the shipping situation was more difficult than ever. The position was, therefore, a desperate one. It was of the most vital importance to secure an importation averaging 160,000 tons a month more than in the previous year.

The shipment of this extra quantity from the United Kingdom would have involved the continuous use of nearly half a million tons of shipping, and this could not have been found without the most fatal results on all other Allied supply services.

The problem was, as we have seen, met by the discovery of a hitherto unutilized means of economy. Instead of all being sent by the long sea route from the United Kingdom some of the Italian supplies were obtained from South French mines ; others were shipped to a Bay port, then forwarded by rail. This enabled 600,000 tons a month to be supplied to Italy with no more strain upon shipping than the 440,000 tons a month of the previous year. It was not achieved, however, without the utmost difficulty. The extra strain upon the French railways was very serious, particularly in view of the demands on them which resulted from

the crucial military operations of the year. The closest co-operation was required between the English coal and shipping authorities and the French coal and railway authorities. The scheme was not extended as far as had at one time been hoped, but the deficit in rail-borne coal was made good in the long sea shipments. Over the eight months the promised supplies were maintained within a negligible margin of deficiency, as the following statistics show :

ITALIAN COAL

Eight months, March 1918–November 1918.

	<i>Shipments by long sea route.</i>	<i>British coal passing Italian frontier by rail.</i>	<i>French coal passing Italian frontier by rail.</i>	<i>French coal shipped at Mediterranean ports.</i>	<i>Total.</i>
Coal dispatched .	2,207,732	876,195	854,030	820,368	4,758,325
Programme, eight months .	1,200,000	800,000	1,360,000	1,440,000	4,800,000

Of this total 78,494 tons was lost at sea. In addition to the above supplies a special military allocation of 150,000 tons of British coal was dispatched to Italy to constitute a strategic reserve in case unforeseen troop movements necessitated a sudden demand upon the coal stocks.

FRENCH COAL

The French coal supplied to Italy was provided on the understanding that an equivalent amount should be supplied to France by Great Britain in replacement. It was contemplated that this could be arranged with comparatively little difficulty as the coal could be sent by the short Channel route to the northern French or Bay ports. Unfortunately it proved impossible to supply the extra quantities to France, and the coal she sent to Italy was in effect a gift without replacement during a period when she was seriously in need of coal herself. From April to November 1918 France indeed only received an average of 1,365,714 tons a month as compared with about 1,500,000 tons a month in 1917. Until March 1918 the supply of coal had been entirely a problem of finding the ships. But during nearly the whole period of the eight months in question not shortage of ships but

shortage of supply and difficulties of discharge were the limiting factors. The Transport Council, however, did all that came within its own sphere of competence by providing as much shipping as could find cargoes and be discharged.

BELGIAN RELIEF

Belgian relief is a good instance of the necessity for an Allied shipping organization. Food for the relief of the civilian population in Belgium and parts of occupied France required the importation of about 120,000 tons a month. Up till 1918 the Relief Commission had been able to arrange for the transport partly in Belgian tonnage and partly by chartering neutrals. The control of neutral tonnage by the Allies, however, had become so complete by 1918 that the Commission found it impossible to obtain tonnage any longer by chartering in the world market. The whole relief arrangements were breaking down and only action by the Allied Governments could retrieve the position. Their responsibility was clear; they were deeply interested in relief being obtained and the crisis arose directly from the measures they had taken to control neutral ships. They had indeed passed a resolution at the Paris conference in December guaranteeing the necessary tonnage in the name of all the Allies. But the resolution once passed was entirely inoperative, for no specific responsibility was assigned to any particular Government and there was no Allied organization which could deal with a common responsibility and either discharge or distribute it. By April the relief arrangements were in a desperate position and seemed destined to collapse altogether. For the three summer months it was estimated that less than half the quantities required could be transported. At a late and difficult moment, at the end of April, the Council accepted responsibility and entrusted the task of finding tonnage to the Executive. Immediate measures were taken. Emergency supplies were hurried across from England; 100,000 tons of shipping were provided by America and Great Britain in equal shares; and as soon as the tonnage which was at the time being acquired from Sweden on condition that it was engaged on 'non-war zone work' could be brought into use, it was allotted in priority to Belgian relief, and the service was thus put on

a satisfactory basis. In spite of the late and difficult start the position was retrieved and by November the full programme had been carried out within a small margin of 7 per cent., and even this small deficit would have been met by about the end of the year.

BELGIAN RELIEF

	<i>Programme.</i>	<i>Execution.</i>
	<i>Tons.</i>	<i>Tons.</i>
June-August	360,000	334,070
September-November	395,300	360,610
	<u>755,300</u>	<u>694,680</u>

NEUTRAL TONNAGE

The Allies entrusted the neutral tonnage which they chartered to the control of the Transport Council. The Executive arranged a general plan under which this tonnage was allotted among the coal and wheat services in such a way as to secure the maximum advantage from the different types of vessels, and detailed arrangements in accordance with this plan were made by the Inter-Allied Chartering Executive. In November the tonnage so controlled was distributed as follows among the different services :

	<i>Tons.</i>
Coal to France	111,265
Coal to Italy	135,343
Wheat Executive	99,342
Belgian Relief	98,572
Miscellaneous	35,815
	<u>480,337</u>

This half million of tons was the only 'pool of tonnage' under Allied control in the fullest sense. It alone was under the direct orders of an Allied authority. The Executive in arranging this neutral tonnage did not use it as the adjusting element in the transport programmes. They could only have done this if all the supply programmes had first been both agreed and reduced to within the total capacity of the tonnage under Allied control. Without the prior completion of this work, an attempt to use the neutral tonnage as the adjusting factor would have involved difficulties in every allocation of a ship. The safer course was therefore taken of assigning the tonnage to services which every one agreed must at least have much more tonnage than the neutral

ships assigned, and of leaving the main adjustments to be made on the national tonnage.

OTHER WORK

In spite of drastic reductions which had been necessitated in the food and munitions of the European Allies the Transport Council authorized the allocation of British tonnage to assist American military supplies. The tonnage provisionally indicated was 200,000 tons for loading in October and a further 300,000 tons in November and December together, this quantity being variable at the discretion of the Executive. The tonnage actually allotted in October was 204,000 tons, and arrangements had been made to allot 150,000 tons in November ; but the later allocation was, of course, changed as a result of the Armistice.

The Allied organization was least complete in relation to the raw materials for articles of civilian consumption. The common interest was less and the divergence of interest greater. The wide range and intricacy of the articles in comparison with the relatively small total tonnage involved naturally had the effect of postponing this part of the work until the vital programmes were in full operation. Italy's raw materials requirements, outside coal and food, only amounted for example to one-thirtieth of her total imports. While, therefore, Programme Committees were established, they were never co-ordinated under a Raw Materials Council corresponding to the Food or Munitions Council, and though their programmes were a useful aid in the allocation of special assistance from time to time, they were never accepted as the basis of an automatic allocation of tonnage on the wheat system.

The statistical section throughout the later part of the year compiled monthly statements showing the losses, the building, and the employment of all ocean-going tonnage in the world. The tables showing the position before the Armistice, which are more complete than any statement of the employment of world tonnage either before or since, are reprinted on page 364.

The Executive also effected a great number of detailed economies in the use and employment of tonnage of which instances have been given in the preceding chapters. Vessels were changed

from one Allied service to another or from distant to nearer employment; and economical arrangements of light and heavy cargoes were secured by pooling the requirements of the different Allies. The many advantages derived from pooling the tonnage required for all the services of a single country (as described in Part II) were increased by extending the pooling and widening the area within which economies could be looked for till the whole field of Allied programmes was included.

SUMMARY

In the brief period of exactly eight months therefore, which elapsed between the first meeting of the Council on March 11 and the cessation of hostilities on November 11, the supply arrangements of the Allies were completely transformed.

A new organization covering the whole range of imported commodities was built up and got into working order. Apart from the Allied Maritime Transport Council itself, the Inter-Allied Munitions Council and the Inter-Allied Food Council (each with its permanent organization), twenty Programme Committees were established.

The import services of France and Italy were put upon a substantially satisfactory and substantially equal basis. Food stocks were raised to a much safer level. The Belgian Relief requirements were met, the American military programme assisted, 500,000 tons of neutral tonnage directed, and many detailed economies in the employment of Allied tonnage were effected.

These results were secured in a period when the stringency of the general tonnage situation was continuously increasing. The European Allies in the cereal year 1917-18 lost about 2,000,000 tons d.w. more than they had built, while the excess of American building over American losses was much less than the additional American military demands.

The results achieved, therefore, during this short period of eight months were sufficiently striking. It is important, however, to note their limits.

LIMITS OF THE COUNCIL'S SUCCESS

In the first place, the earliest results were achieved in such services as Italian coal and Belgian Relief, where a certain programme was agreed beforehand as a bare minimum which should have a real priority over other claims on tonnage. It was recognized that whatever the claims of competing supplies Italy must have 600,000 tons of coal a month and Belgian Relief 120,000 tons of imported food. It was difficult enough to arrange shipping for these quantities; it would probably not have been secured without the Transport Council, and the successful acquisition of the ships was a real achievement. But the common agreement beforehand on a programme which at the same time included only a bare minimum supply, but for that minimum could claim a definite priority, narrowed the problem. It was unnecessary to use the machinery of the Programme Committees to balance the current needs of Italian coal against the competing claims of other countries, or of Belgian food against the competing claims of food for France, Italy, and Great Britain. It was, therefore, possible to begin at once without waiting for the establishment in full working order of the Programme Committees.

A similar consideration applies to the direction of the neutral tonnage. It would have been theoretically possible to use this tonnage as the adjusting element in the Allied supply services; to have sent it wherever, in the view of the Executive, extra assistance was required for any national service for which the national ships were insufficient. This would have involved, however, an agreement by the Executive on a general system of distribution programme or the consent of all its members to each detailed allocation. The Allied machinery was not developed sufficiently for this method to be adopted. The difficulty was, as we have seen, circumvented by allotting the tonnage on technical considerations of its suitability. This was a wise decision in the circumstances, but it again implied that the Allied machinery for the current comparison of completing supply needs was not in full working order. In a sense, therefore, the Gordian knot was cut for these three services, and it was thus possible to put them into full operation in March, while the Allied

machinery was incomplete. The earliest tonnage results were therefore secured, and the arrangements were in full operation throughout the eight months.

The position of food was very different. The full Allied principle was put into force for wheat from March and for all foods from the beginning of the cereal year 1918-19 (i. e. from September). Here the knot was not cut by any general priority of an agreed minimum—the size of the programme was too great for any such expedient. The full Allied principle of the comparison of the Allied food programmes, through the Programme Committees under the control of the Food Council, was put into operation, and tonnage was allotted in accordance with the programme so agreed. Here the Allied organization was seen in its most complete development and at its highest point of efficiency.

It followed naturally, however, that the system took longer to get into full working order. It was only from September that it applied to all food, and the tangible results were therefore limited to the next two and a half months between this date and the Armistice. At the same time the size of the problem made the achievement, even though for a shorter period, of the first importance.

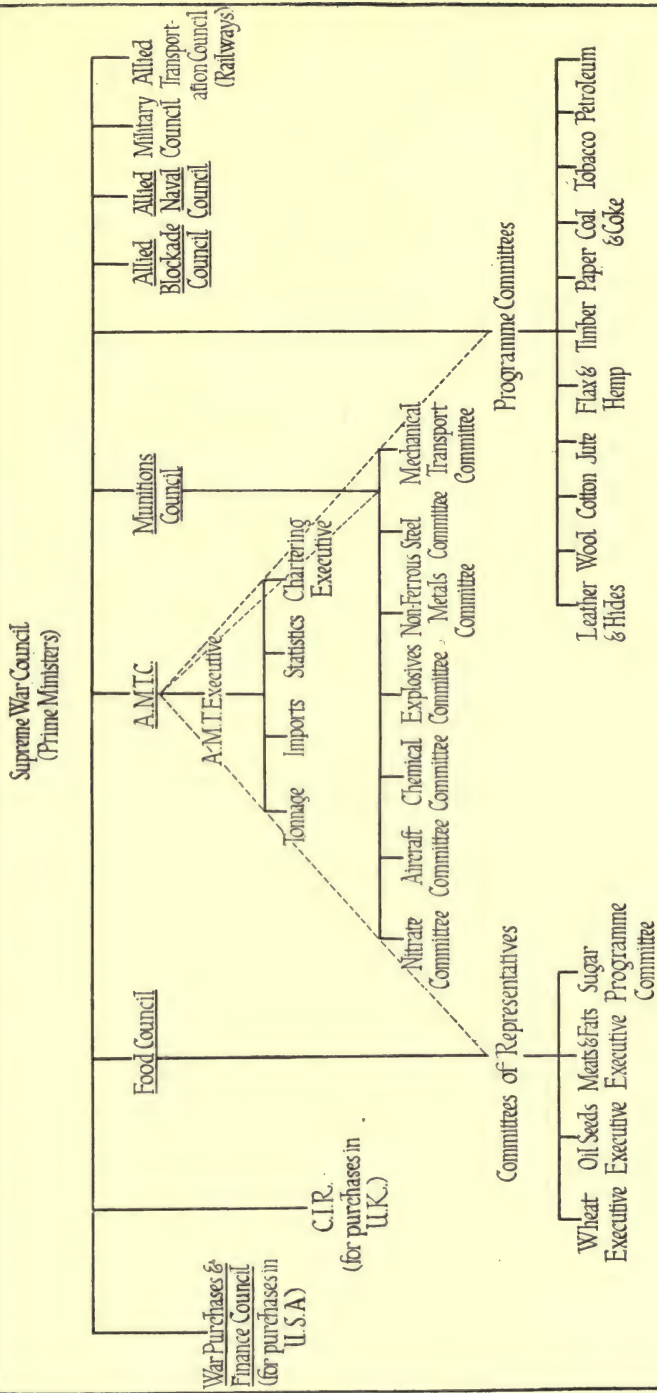
The same system was developed somewhat later for munitions and only began to operate fully just before the Armistice. It had not been brought into full working order for raw materials.

By the Armistice, therefore, we see the Allied system tested and working efficiently, though only for a short period, for one of the great supply programmes, food; beginning to work on the same basis for the second, munitions; but still in its preparatory stages for the third, the miscellaneous raw materials for civilian use.

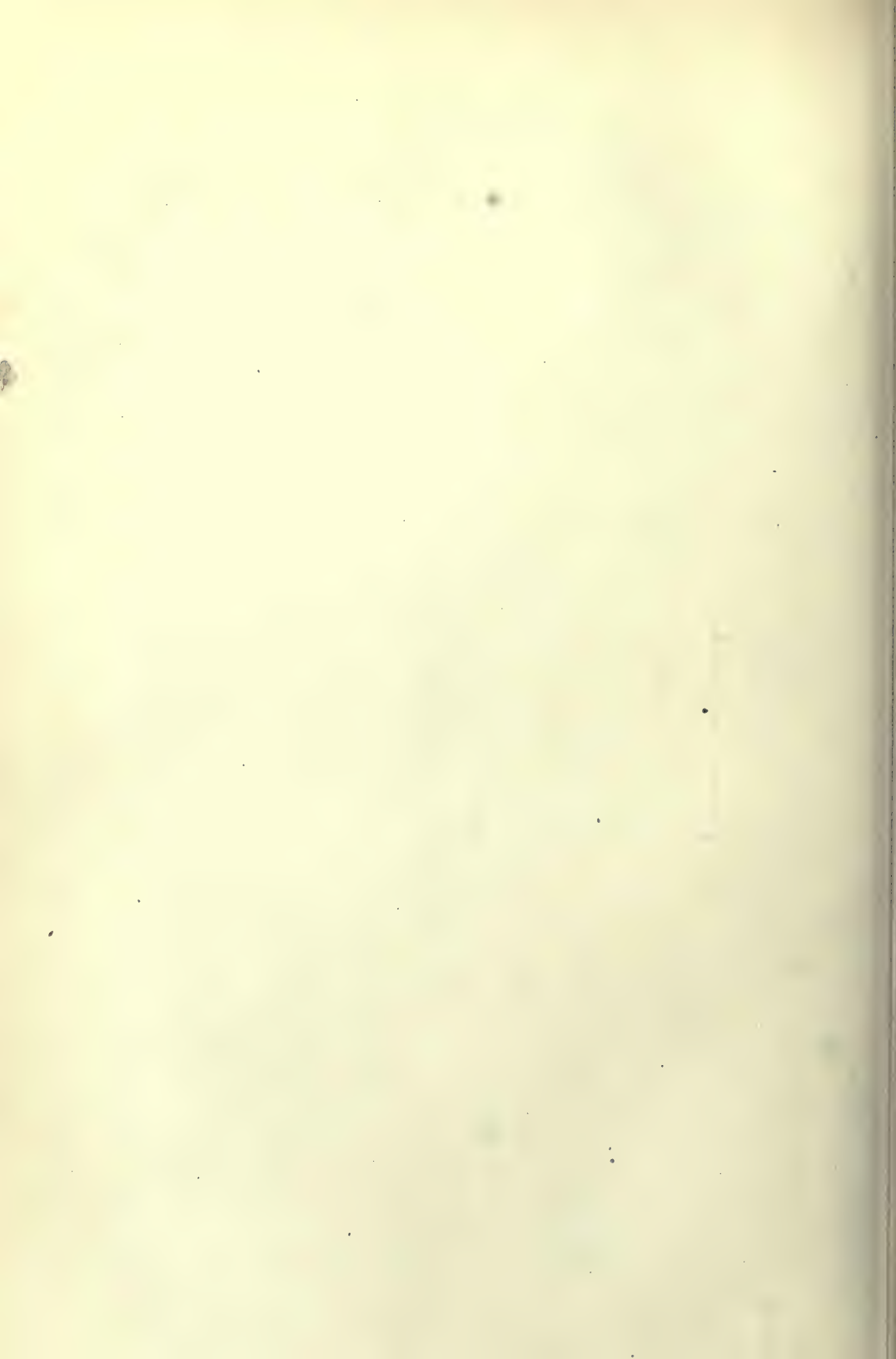
There is one other limiting consideration, however, of the greatest importance to be taken into account for the whole of the Transport Council's work. It was calculated, when the Council was formed, and rightly calculated on the basis of the military position at the time, that the principle of equal sacrifice would result in two countries, Great Britain and America, and not the former alone, allotting tonnage to France and Italy. The military disasters of the spring of 1918, and the consequent

increase in the American Army, upset this calculation. Throughout the war Great Britain alone was using less than the total of her tonnage for her own military and civilian requirements, and was supplying tonnage to her Allies. As a result of this there was behind all the discussions of the Programme Committees, and of the Transport Council, a power of decision vested in a single authority, the British Government, which could compel observance of a programme it considered reasonable, whether agreed or not, by a refusal to allot British ships except on specified conditions. This power was for the most part in the background, but the fact that it existed and was known to exist must be noted as a factor to be taken into account in estimating the Allied achievement. The system would only have been fully tested when America and Great Britain were both providing tonnage for France and Italy and when agreement was therefore not merely desirable but an indispensable condition of action. This situation would have arisen in 1918 but for the increase in the American Army, and in the spring or summer of 1919 if the war had continued. The writer, and others associated with the Allied organization, are convinced that it would have stood the strain. America had not only associated herself fully with the Allied system by her engagements of October, but had given an earnest of her intentions by the executive orders issued immediately afterwards. But the fact must be chronicled that the Armistice exempted the Allied organization from its final test.

DIAGRAM OF ALLIED WAR ORGANISATIONS



NOTE: Councils (underlined) were ministerial. Executives and Committees were official in composition. Plain black lines — indicate direct dependence. Dotted lines indicate dependence for a particular purpose (Programme Committees dependent on A.M.T.C. and E. for tonnage demands). The whole organisation must be considered as approximate. It was continually developing and the scheme of subordination to the several superior authorities was never exactly formulated.



PART V

INTERNATIONAL ADMINISTRATION¹

CHAPTER I

THE DIFFERENCE BETWEEN THE WAR AND PEACE PROBLEM

Limitations of the War Organization. Its motive power only possible in war. The Problem simplified through the special and temporary position of Shipping during the war. The nature of the War Achievement. The Allied Organization controlled the action without displacing the authority of the National Governments. The difference between Economic Control and Military Command.

THE Allied organization of the war is ended. Its work, or all the most important part of it, ceased with the Armistice of 1918, a few months only after it had been effectively begun. If it is to have any continuing utility, it must be through the experience it has given of the methods and machinery through which international co-operation can find its most effective expression. The need for international action remains and will remain. It may, indeed, grow continuously until a large part of the government of the world is effected through a world rather than a national machinery. In this development, the discovery of the right methods of administration will prove one important condition of progress.

The conditions of the war, and the imperative need for unity of Allied action in face of a common enemy, created a kind of hothouse in which international co-operation, normally a delicate plant of slow and precarious growth, developed in a few months to a completeness of form and structure which it must otherwise

¹ NOTE.—The reader is reminded that, as stated on page x, ‘the acceptance of a monograph in this series does not commit the editors to the opinions or conclusions of the authors. . . . In like manner the publication of the monographs does not commit the Endowment to any specific conclusions which may be expressed therein.’ J. T. S.

have taken many years to achieve. If, therefore, we can eliminate some of its purely temporary and accidental features we may be able through this forcing experiment to see something of the probable and desirable development of the future.

Let us begin by recalling some of the necessary qualifications and discounts which we must have in mind when we try to draw our conclusions.

THE MOTIVE POWER OF INTERNATIONAL ACTION

In the first place we must remember that no perfection of machinery can dispense with the force of public will and desire upon which all international action depends as its primary and essential condition.

In the war this impulse came from the imminent and obvious common danger. In peace and for the purposes of peace no such intense and concentrated impulse is possible. It must come, if it comes at all, from a generous desire to promote the well-being of other countries and other classes, without too close a reckoning of immediate interest. It can no longer derive its force from the strongest of all instincts, the instinct of self-preservation; but it must still be strong enough to give driving force for action and to make possible the surrender of national or personal interest which will be involved. Almost all international action requires, for its first step, some sacrifice on the part of those with whom the power of first action rests. Its ultimate result may indeed be of advantage to them. The grant of credit to an impoverished country may save the lending country from unemployment. The surrender of a monopoly of raw materials may result in a general increase in production of which the country originally possessing the monopoly will itself reap its share. But the prospect of such an ultimate advantage is always remote. The first form in which proposed action always presents itself to the country of whom the general situation demands action is sacrifice of immediate advantage. The bread that is cast upon the waters may indeed be found, but only after many days. To make such initial sacrifices possible, there must be a strong and generous impulse of public goodwill that is more difficult to create and to maintain than the force which gave unity in war.

But not only was the driving force of international action in war derived from a source which cannot be found in peace ; the Allied administrative problem was concentrated and simplified by the position of shipping under the particular conditions of the submarine campaign. Normally, any international action requires a careful balancing of many considerations, political, financial, economic, humanitarian, and therefore the consent and co-operation of all those who represent these different factors. In 1918, however, the problem of the Allies was simplified by the fact that the need for ships outweighed almost every other consideration. Supplies, and the money to buy them, might both be less than they would have wished. But there were always during this period more supplies and more money to buy them than ships to transport them, and without transport to the field of conflict the possession of supplies was useless.

This not only gave a criterion by which to test a policy, it involved a concentration of authority in those who controlled shipping through which it was comparatively easy to effect co-ordination of the whole Allied organization. Here again, no similar conditions can be expected in peace. If common action affecting the supplies of half a dozen countries is proposed, it will be insufficient, it may even be irrelevant, to secure the agreement of those who control shipping or any other single department of administration.

The war problem was indeed even simpler than this. The shipping authorities of a single country were able to exert a compelling influence on the Allied supply programmes because they alone were giving ships to their Allies and were able, therefore, in the last resort to attach conditions to their gifts. The final test of the Allied organization would have come, as we have seen, in the spring of 1919 when America as well as Great Britain would have been in this position.

We find then, even in this completest expression and instrument of Allied co-operation, certain limiting factors in its development and certain accidental advantages at the basis of its success.

Much, however, remains even when we have made these qualifications.

THE NATURE OF THE WAR ACHIEVEMENT

Let us recall the essential character of the administrative achievement.

Above all, the Allied organization solved the problem of controlling the action, without displacing the authority, of national Governments.

Unity of action could not be achieved in the economic, as it was in the military, sphere by the appointment of a generalissimo. There were, indeed, many who suggested this solution in 1918, but they had little appreciation of the realities of the situation. Economic control is a very different thing from military command. A soldier, from the moment of his enlistment, leaves the lax and infinitely varied restrictions and influences of civilian life; he becomes subject to a rigid military discipline; he is part of a regular and uniform organization. He is a fragment in a pyramidal structure whose apex is the highest command. The whole machine of which he forms a part has its single and special task clearly separated from the general civilian life of the world; and for its own purpose it is under a single and supreme control. Each of the national armies required to co-operate in a single campaign has a similar purpose and a similar organization. The unity of interest of all of them makes it, not indeed easy, but relatively easy, to subordinate all to one command. Once the decision of principle is taken, the similarity in the organization of all armies, the hierarchic character and military discipline of that organization make the decision a simple one to translate into practice.

Economic control is entirely different in both its scope and its character. It penetrates and permeates the whole commercial and civilian life of a nation. A reduction in a sugar programme not only changes the problem of the official department controlling food supplies; it affects the work and the interests of the commercial organizations through which that department works; it goes farther and alters the habits of life of every household in the country. It is something of which both organized interests and the millions of the consuming public feel the effect directly and on which they consider themselves competent and entitled to express an opinion and exercise an influence. Military

action may, in fact, affect them as seriously ; but it is more remote from their experience and enjoys the protection of an expert knowledge to which they make no claim.

Economic control, again, is essentially local in its character. The soldiers of a dozen nations may be taken from their homes and flung into action in a single field of battle. The sources of military strength are scattered but its exercise in action is concentrated. But the reduction in the consumption of butter or of bread, the change of one article of diet to another, the substitution, the transference, the rationing of raw materials, must operate where the consuming public lives, where the industry is at work ; all are, in their very nature, rooted in the civilian life of the several countries. Its executive machinery is necessarily local and national ; it cannot be transferred or denationalized.

The national organizations through which economic control is exercised reflect these conditions. By comparison with armies they are amorphous and varied in structure, lax in discipline, slow and often fumbling in executive action. They are, indeed, as multiform as the complex conditions of the life and activities they control. At the top perhaps is the official authority of a Minister or public department. But around this small nucleus of purely official authority, there is probably a committee or commission formed of the business men whose commercial experience is required and incidentally whose commercial interests are affected. The decisions of the authorities so variously constructed may have to be translated into action through the whole democratic machinery of municipal bodies, through voluntary associations, and, in the last resort, through the individual shop-keeper and the individual consumer. Economic control in war is indeed co-extensive with the commercial and civilian life of the country. It must be elastic enough to suit the infinite variety of that life. It is largely based upon the commercial and private interests it controls, and it expresses as well as controls those interests.

In these conditions it is probable that no human brain would have been adequate to the problems, no human character adequate to the responsibilities, of single and supreme command. It is certain at least that no one could have acquired the implicit

confidence of all the Allied nations required to make his authority effective. An economic generalissimo was never possible.

Nor was the solution to be found in a joint executive board with delegated power. No country could have delegated to an Allied body, acting by a majority vote, an authority over all civilian life. If executive authority had been given on condition of unanimity, a national delegate would scarcely ever have been prepared to agree to action adversely affecting his own country's interests without the assent of his Government. If he had authority to do so and exercised it, he would be overriding the responsible Ministers of his country in their own sphere. An executive authority, even if conceded in principle, would, in these circumstances, have inevitably broken down in practice.

But if an executive authority was impossible, a mere advisory body of Delegates chosen on the usual principles would have been ineffective. National Ministers in their several capitals, harassed by the overwhelming pressure of their daily problems, would have been unlikely to accept the advice of Delegates working at a distance and necessarily knowing less of their national difficulties, even though they knew more of the Allies' position as a whole.

This was the problem which the Allied organization had to solve, and did in fact solve successfully, during the war. It is by considering the principles on which that organization was built, with due allowance for the special conditions which ended with the war, that we shall best see how much of its experience can be utilized for the problems of peace.

CHAPTER II

PRINCIPLES OF INTERNATIONAL ADMINISTRATION

The main principle of the Allied Organization. The Limitations of Conferences. The Executive Organization. The Principle of Direct Contact. Its relation to the Principle of the League of Nations. Its dangers and its merits. Decentralization in Foreign Relations. Maxims for the use of Committees. Summary of Principles of International Administration.

THE fundamental principle of the organization by which the problem of economic control was achieved, under the difficulties indicated in the preceding chapter, was to constitute the councils and committees of which it consisted by the appointment, not of representatives with delegated power, but of the actual Ministers and officials responsible, in their several countries, for the executive action required.

This principle practically destroyed the distinction between the advisory and the executive. The councils were, in principle, advisory. But if the French Minister of Munitions, as a member of the Munitions Council, or the British Shipping Controller, as a member of the Transport Council, assented to a resolution involving executive action by the departments for which they were responsible, action, of course, followed quite as certainly as if the resolution had had an explicit authority and had been mandatory in form. Each Minister would, in his national capacity, issue the executive orders required to give effect to the recommendation to which he had assented, in his international capacity, as a member of the Council.

THE LIMITATIONS OF CONFERENCES

The formation of Ministerial Councils on this principle, however, though an advance, was not in itself sufficient. Even in peace, and still more in the earlier stages of the war, conferences of Departmental Ministers of the several countries had been arranged and had taken the place of formal and indirect negotia-

tions through the Foreign Offices. The development of such Conferences into Councils with a regular constitution and periodical meetings would have been useful, but not in itself decisive. The Councils would have suffered from the same defects as the Conferences. Such meetings may have the necessary authority for decision but they are ill equipped with the detailed information and with the administrative machinery required if the problem is intricate and complex in character and requires continuous and co-operative executive action. Ministers meet for a day or two and return. Their responsibility covers a wide field and their knowledge is, therefore, general rather than specialized. If they bring specialists and detailed plans with them, these plans will have been worked on separately in the different countries, and it will be impossible to adjust them and mould them into one workable plan in the brief time available at the Conference. Probably agreement will be reached by means of a general and over-simplified formula which will not in practice be found to answer most of the questions needing decision in daily executive action. Even if a satisfactory plan is agreed while the conference is meeting, modifications will be required without the machinery to achieve them. Negotiation is then likely to be thrown back on to the old methods of communication through Foreign Offices which, as has been explained, are slow, formal, and inadequate to the necessities of the work.

THE EXECUTIVE ORGANIZATION

Behind the Council of Ministers the executive departments which they controlled in their several countries were, therefore, themselves linked together, and formed into an instrument of continuous international work, by the creation of Committees and Executives of officials on the same principle as the Councils. The Committees, like the Councils, consisted of the actual persons who in their own departments, and within the limits of their personal duties, possessed both expert knowledge and either direct executive authority or effective influence over departmental action.

The crucial development of the Allied organization was the

extension of the principle of direct contact throughout the national controls, the formation of a machinery through which contact was regularly effected, and the linking up of the whole system by the continuous work of the immediate staff of the big Councils and particularly of the Transport Council.

We have seen how Allied Programme Committees, ultimately twenty in number, covered the whole range of imported commodities and (in addition to their non-shipping duties) prepared programmes of the shipping required for submission to the Transport Council through the transport executive. The members of these Committees were essentially national officers who met in conference, or in constant association, for international work. In their own departments they represented the international point of view; in Allied meetings they represented the national point of view. And the agreement they arrived at in Allied discussion they carried into practice through their national departments. Thus the new Allied principle did not override or replace the national organizations—it penetrated them. It linked them together from inside. The Allied authority consisted of the national authorities themselves associated for a common purpose, influenced by a common point of view and securing results through the executive action of the national systems.

This was the climax of the development by which co-operation between the Allies shifted gradually from a diplomatic to an administrative basis. We have seen how, before the war, negotiations between the British Board of Trade and the French Ministry of Commerce would pass through two Embassies or Foreign Offices *en route* in both directions; how the question asked of a specialist in London and the answer of the corresponding specialist in Paris would be transmitted, and perhaps transmuted, by two sets of necessarily non-specialized brains and pens. We have seen the slow and tentative process by which these methods were gradually transformed under the increasing need of Allied co-operation. Departmental Ministers met in occasional conference and dealt direct with each other and not through their Foreign Offices. The whole system was made more workable in practice, though not transformed in principle, by the establishment of the Commission Internationale de Ravitaillement which

relieved Allied representatives of the formalities of diplomatic negotiations but left them still cut off from direct contact with British departmental officials. Then the paramount exigencies of the wheat and shipping problems forced the development further. Members of the Allied food departments met in direct association to allot the available wheat among themselves and to buy it in common. The British shipping authorities negotiated shipping arrangements direct with the corresponding authorities in France. But by this time shipping had become more than shipping; it had become the limiting and therefore the determining factor in all supplies. The British shipping authorities by allotting so many ships and no more to France and to Italy were determining the limits of the French and Italian imports. In doing this they were scarcely more expert than supply representatives would have been in settling the allocation of ships. And so at last the final stage was reached. The supply departments of the different countries were themselves linked together from within.

The national administrations now touched each other, not at one point (the Foreign Offices) nor at half a dozen (the Ministers of the main departments) but at scores (the officials and experts responsible for the detailed controls). And the contact was no longer occasional and irregular, but continuous. The French representative no longer met the British and Allied representatives to discuss a wide range of different subjects under negotiation between their countries. The French wool official dealt with the British and Italian wool officials and was not concerned with what his colleagues for cotton or timber or coal were discussing in other committees with the corresponding experts.

Thus the international machine was not an external organization based on delegated authority; it was the national organizations linked together for international work and themselves forming the instrument of that work.

It is unnecessary here to describe again the details of this system; the methods by which the geographical difficulties were met; the varying executive influence and authority of the committees; the differences in the choice of personnel to fit the exact requirements of the several controls and countries; the

way in which the system was knit together and co-ordinated by the Transport Council through the Executive.

But it is necessary to draw attention to the immense importance and wide implications of the vital principle of international administration which was thus discovered and applied—the principle of direct contact between specialists.

THE PRINCIPLE OF DIRECT CONTACT

Let us explore the range of this principle.

International administration is of two kinds. It may be concerned with a specific piece of work of an international character definitely entrusted to it by a number of Governments, who delegate to it the full authority required for its execution. In such a case the administrative problem is a simple one. The officials are doubtless drawn from several nationalities, but they can be welded into a single and coherent executive body, carrying out, with full power, a definite piece of work in the same way and with the same organization as any national department. Unless and until, however, the government of the world is profoundly altered, such work is bound to be limited in character, in scope, and in importance. The affairs of a Danube Commission may be so managed. Work of scientific investigation not involving executive action may be delegated to an International Institute of Agriculture. A specific piece of executive work, such as the control of a block of chartered tonnage in war, may be entrusted to a body like the Transport Council formed primarily for wider work; or a particular task such as the collection of reparation under treaty provisions may be given to a specially formed body like the Reparation Commission. But if the work seriously affects the national interests and national policies of several countries, the necessary authority will rarely be given, and if given, it may be threatened with withdrawal.

If, therefore, international administration is to deal with affairs of the first importance in the world, it will be of a second and very different type. It will work through the executive organization of the national Governments. It will influence, co-ordinate, perhaps control, their work. But it will not replace them. It will obtain its power, not from an authority conferred by delega-

tion, but by continuous pressure and influence on the centres of national power. It may bring to bear on these national *points d'appui* the whole of the force it can obtain from any public opinion derived from any or all countries. It will move them by bringing each within the sphere of the others' influences. Sometimes its objects may be achieved merely by securing that national decisions, even if still made nationally and on national grounds, are made after full recognition of their effect upon other countries and of other countries' views and opinions.

When this is the nature of the task, and this the nature of the power, the method of direct contact over a wide surface, of linking these departments together by the association of their crucial officers, will prove more effective and successful than any form of external influence or control. The method is capable of infinite variations for particular needs, but in one form or another it will be applied to most of the really important work touched by international administration. It is the fundamental and essential method for all international work that requires the continuous co-operation of national administrations.

This principle, valuable as an instrument of administration, is the more interesting and important because it is in accord with the fundamental purposes and policy of the League of Nations. The League stands for the policy of broadening the bases of international relations. The development in government which resulted in the late war was largely a process of over-centralization and over-concentration. The whole strength and activities of great nations were controlled and dominated by national policies; their economic development was directed, even their intellectual thought and education inspired, by a central policy distorted by a single bias. The growth of central government, the improvement in the very mechanism of international communications—the cables, the telephones, the rapidity of transport, the distribution of papers and documents—concentrated the contentions and frictions of a whole world in a small number of dangerous centres of power. Under this process, the body politic became abnormally and dangerously sensitive. The controlling brain was too responsive to local irritations, too much disturbed by trivial troubles of which, in a healthier state, it would have been unconscious. In

the innumerable contacts of one nation with another, of the citizens of different countries in their commercial activities, there are bound to be causes of quarrel, divergencies of interests, friction of every kind. In an over-centralized and over-nationalized system, too many of these casual and often trivial troubles become elements in international relations. An economic dispute is no longer a quarrel between traders, it becomes the subject of negotiation between Governments. The tension in the centres of excessive power increases, and the more the activities of the world are identified with national administration and incorporated in national policy, the worse the tension becomes, till at last it proves unbearable.

The war broke this tension, and the institution of the League of Nations, with its principles of publicity and open diplomacy, is an attempt to take public policy away from the few overstrained centres of excessive power, and to base it boldly and broadly on the general wishes and will of the peoples of the world. It is morally a great effort of faith. It is, in one sense, administratively a great effort of decentralization. It replaces centralization by co-ordination.

Everything that throws the activity and interests of the world outside the circle of national frontiers and national policy is a step in this direction. Whenever the citizens of different countries meet on a basis of common interest that transcends or cuts across national frontiers—whether they are scientists, or schoolmasters, or financiers, or trade unionists—whenever organizations develop on lines determined by their special purpose, science, education, or finance, or labour conditions, and draw their members indifferently from every country, the basis of international relations is broadened and international amity no longer rests precariously on purely political foundations.

Similarly too, to take an example from among the current economic activities of the world, if an English shipping company quarrels with an American company, it may be regrettable but it is not important. But if the Governments make the quarrel their own, the vital interests of the public are in danger.

And even within the sphere of official relations a similar principle applies. If it is better that an English shipping com-

pany should settle its affairs direct with an American shipping company, it is probably better, if the Governments must take a hand, that an American Shipping Board should deal with the British Ministry of Shipping, rather than that the affair should be handled by the State Department and the Foreign Office. In the first case, any difficulty remains comparatively technical in character and localized in effect. In the latter case, it necessarily becomes an element in the political relations of the two countries.

It is true, of course, that when points of contact are multiplied, occasions of friction increase. The very formalities of diplomatic procedure stifle at birth many nascent dissensions. The trained skill, the tradition of caution and restraint in language, prevent the unnecessary friction that often arises when those with no such skill deal with issues whose dangers and difficulties they do not fully appreciate. It must be expected that if national administrations touch each other at many points, incidents will frequently arise, just as in a wider sphere, with the methods of open diplomacy, the press of the world may make international disputes out of many trivial incidents which, under the old system, were settled quietly and easily between diplomatists. But these incidents, when they occur, will be less important if half a dozen departments are conducting their negotiations in their own special spheres, one country perhaps gaining advantage here and another there, and each without relation to what has happened in other departments. Such troubles as do arise have a much less serious significance. Better many localized disputes than a few which affect the general political relations of the two countries. And it is something, too, to have a safety valve for such real differences as do exist; a procedure which suppresses them has its own dangers. Those who took part in the Allied war controls were fully conscious of the special dangers of the increased opportunities the system gave for dissension, but on the whole they probably felt in time that the advantages were even greater. Certainly the danger grew less and the advantages increased when a long association in work began to bring confidence and mutual respect.

In the intricate and difficult negotiations that have taken

place since the war there is, too, I believe, a clearly discernible tendency to regard bargains not *in pari materia* (such as a suggestion that an economic concession here should be given in return for a quite irrelevant political concession there) as essentially unfair. The more specialized the subject-matter the stronger the feeling. To use a concession as to the price of coal in order to obtain agreement as to colonial policy becomes more and more repugnant. The aggrieved party in any such bargain begins to term it blackmail. And behind this slowly and painfully a new idea—which may ultimately prove the hope of the world—begins to form and find expression, the idea that even a particular negotiation should not be of the nature of a bargain; that there is for most questions somewhere a just solution independent of the relative strength of the contending parties, and that the question should be settled on these its intrinsic merits.

Let us then attempt to summarize briefly the main rules which emerge from the application of the main principle explained above to the practical work of international administration.

1. Where international work requires the continuous co-operation and executive action of several Governments (and the most important work does require them), it is essential that the responsible authorities in the several national administrations should be brought into direct contact with each other. No external organization can effectively control and co-ordinate their action.

2. This direct contact will sometimes take the form of conferences or councils of departmental ministers dealing directly with each other and not through Foreign Offices.

These meetings will secure the necessary *authority* for action, but in themselves they will not be sufficient if the work is intricate and consecutive in character, because they will be necessarily brief and irregular.

3. Contact, and indeed regular contact, must therefore be established between the appropriate permanent officials of the several national administrations. It is important that these officials should (where possible) continue to exercise executive authority in their own departments, and, where geographical reasons prevent this, that they should at least be specialists and

continue to exercise a decisive influence on them. The officials must enjoy the confidence of the respective Ministers, must keep in constant touch with their policy, must within a considerable range be able to influence their action, and they must have an accurate knowledge of the limits of their own influence.

4. These officials must work together enough to know each other well, to develop mutual trust and confidence, or at the worst to judge accurately the limits within which they can trust each other. They must in their own national departments represent the international point of view, and in their international organization they must represent the national point of view. It is quite as important that they should continue to understand and to influence their national policies, as that they should learn to understand and be influenced by the international point of view and the policies of other countries.

5. The officials of the different countries so working together must try to develop such relations as will enable them, without disloyalty to their own countries, to discuss policy frankly in its earlier stages and before it has been formed and formulated in their respective countries. This is a matter of the utmost delicacy and of the greatest importance. A number of countries start considering a problem with certain initial differences of outlook and divergencies of interest. If the problem is worked out separately in each national administration the divergencies are developed and increased; each Government takes a definite position, and begins to feel that its prestige is injured by any modification in it. In such conditions a solution is difficult, and tends to be reached only by a method of bargaining based upon relative strength. But if in the earlier stages frank and non-committal discussions take place between the officials who advise the ministers before the policy has been formulated, and before any Government has committed itself to a definite position, it is often possible to arrive at a common solution which will be accepted in the first instance by each Government as its policy. No Government need then retreat from a position to which it has committed itself. If the policy is developed in this way, considerations of justice as distinct from bargaining strength, have at least a better chance of prevailing. Both policy and administra-

tion become international by a process of permeation and penetration of the national administrations.

6. The necessary authority is best secured by the occasional meeting of the responsible Ministers, and executive action by the more frequent association of the officials who work out their plans together, and mould and adjust policy in the actual process of formation. For work requiring the action of national departments 'internationalized', not 'denationalized', persons are required, and the respective authority of both the responsible Ministers and of the officials must be directly engaged.

7. Under this organization, committees are in their right relation to administration. Nothing is so ineffective as a committee which consists of persons each of whom has no specialized function and no personal executive authority, and yet tries to direct executive action. But if a number of persons, each of whom has a direct executive authority which he continues to exercise in his own special sphere, meet from time to time in order to dovetail their several measures and adjust them to a common plan, and then return to their departments to put into effect what they have agreed, the committee is an effective instrument of co-operative action.

8. The proper function of *formal* meetings of international representatives is not to work out a common plan or to secure agreement by discussion, but to endorse a plan already prepared, to ratify agreement already secured by less formal methods, and to give the authority required for its execution.

These are a few gleanings from one field of experience. The discovery and development of the principles of international administration under the conditions of peace is a work that still remains for the future.

THE FUNCTION OF COMMITTEES

Though the development of the principle of direct contact (and of decentralization) is much the most important contribution made by the Allied war organization to the science, or art, of international administration, there were other features in it which may have some lasting value. Most of these indeed merely enforce once more sound principles which might be inferred from

almost any sphere of administration. But the lessons so often taught are rarely learned. Administration advances slowly and painfully to the position of an impersonal science based upon the conclusions of gathered and winnowed experience.

Let us note, for example, some of the conclusions suggested with regard to the working of committees. The proper use of committees is one of the most important problems of modern administration, whether national or international. In some form or another committees are the necessary instrument both of democracy in national work and of the equal association of several countries in international work. In the growing complexity of modern life, administration steadily becomes more and more important in comparison with legislation in the government of a country. Legislation alone through a parliament is an inadequate expression of democracy, and in the control of administration parliamentary questions, though still an effective instrument, become less adequate as the work of the departments becomes more complex and intricate in character. There is, therefore, a clearly discernible tendency to connect parliaments with administration by the association of specialized committees with the departments. The Foreign Relations Committee in America, the whole series of committees of the French Chamber, are illustrations of a method of government which may be expected to develop in Great Britain and in other countries as well. In the equal association of different Governments it is even more obvious that committees must be constantly employed.

It was not unnatural, therefore, that when the war necessitated a huge extension of administrative work affecting the interests and requiring the goodwill of every class and organization in the belligerent countries, and later requiring also co-operation between certain of these countries, the whole field of administration was covered with a network of new committees. In America, in Great Britain, to a less extent in France and Italy, a large proportion of the prominent, the influential—and the potentially troublesome—were enlisted in improvised committees in which their abilities were to some extent utilized, their anticipated criticism and opposition to some extent restrained.

The committees were formed for many reasons and on many

principles. Their functions were often not clearly defined or distinguished from each other. Their authority, and their relations to the executive departments, varied indefinitely. Few of them were based on a recognition of the true purposes, and necessary limitations, of a committee system.

This is an unexplored subject, urgently needing study. The writer ventures to make a few brief, and perhaps provocative, suggestions illustrated by the Allied war organization.

1. Committees can control, but they cannot direct, administration. The spring of all administrative work is individual responsibility. Several able men on a committee will, under the complex necessities of administrative work, effect much less with a collective and undivided responsibility, than any one of them who feels individually responsible and is free to make a single coherent plan.

But the plan made by the individual can properly be submitted to a committee, who can see that it is sufficiently in conformity with the special interests which they represent, and the special knowledge they possess.

2. Committees are an invaluable instrument for breaking administrative measures on to the back of the public. Modern government often involves action affecting the interests, and requiring the goodwill, either of large sections of the community or of the community as a whole. The action cannot be made acceptable without detailed explanation of this necessity, for which mere announcements in the press are insufficient. In such cases the prior explanation and the assent of committees of representative men, who if convinced will carry the assent of the several sections of the community who look to them as leaders, are of the greatest possible value.

The use of advisory committees in connexion with the National Insurance Act is one of many illustrations of this excellent and proper use of committees.

3. Committees can rarely exercise with effect a collective authority given by delegation to the committee as a whole.

The association, however, in a committee, of persons, each of whom possesses an individual authority in a special sphere, is a most valuable method of securing action in accordance with

a coherent plan. The association in the Transport Council of departmental Ministers, each of whom continued to exercise his special responsibilities in his own country, for the purpose of adjusting their respective actions, is an illustration of this principle. The association of officials with executive authority in the Transport Executive and some of the Programme Committees, and the meeting of the heads of the executive departments of the Ministry of Shipping in the Tonnage Committee (p. 79) are further examples.

On the other hand the same principle is illustrated by the failure of the Inter-Allied Shipping Committee (p. 140) through the fact that its members possessed the authority and individual responsibility of neither Ministers nor officials. We have seen that the formation of an international board with delegated authority was discussed when the Transport Council was established, but was rejected for similar reasons (see p. 153).

4. Committees are in most cases more effective and useful if they are advisory, even though they consist of persons whose separate individual authority secures executive effect to the wishes of the committee as a whole (see p. 187). When they have direct power to effect action it will most usefully consist of a right to veto an unacceptable plan rather than a direct responsibility for initiating action.

Illustrations of this principle are too common to permit or need recital.

Here, however, we have trenched upon the wider province of general administration and the maxims suggested immediately above are as applicable to national as to international organization.

CHAPTER III

THE FUTURE OF INTERNATIONAL ADMINISTRATION

International Co-operation before the War. The limited character of the official organization. The League of Nations. Mistaken conceptions of its rôle. Difficulties of the League. The incompleteness of the Peace. The abstention of America. The increase of National Separatism. The work of the League. Its three categories of duties: to settle disputes; to remove the causes of disputes; to co-operate in the solution of world problems. The possible economic work of the League; the direction of its Policy. The ultimate problem of the League; readjustment of administrative frontiers without war. The economic conditions of success in this task. Two conceptions of the League's position in world Government; an instrument in humble tasks; a vital influence in all International policy. Geneva as the centre of the League. The methods of the League: (a) linking the National Administrations; (b) Publicity. The Brussels Financial Conference. The League as a Secretariat of the World's Government. National Administration and the League. The League's World Organization.

BEFORE the war the greater part of the organized and continuous international activities of the world were voluntary. Throughout the latter half of the nineteenth century and the early part of the twentieth there was a constant and rapid increase in the number of international conferences of experts in every form of action or research of general world interest. Some of these, of course, were meetings improvised for special purposes or on special occasions; others were periodical; many had permanent offices entrusted with continuous work. Brussels was prominent as a centre of these international activities, and certain citizens of that capital played an honourable part in promoting them and recording their history and results. Of a different rank, and most powerful among voluntary and private organizations, were of course the great Labour Internationals.

International administration of an official character, however, was confined to a number of special tasks and duties on which co-operation was at once most necessary and most easy to obtain. For the most part it was either devoted to scientific research not involving executive action (like the Institute of Agriculture at

Rome or the semi-official Institute of Statistics at The Hague) or was limited to definitely restricted or to discontinuous spheres of work (like the Danube Commission or the Postal Union).

The war, as we have seen, entirely changed both the scale and character of international co-operation. It extended to the most vital interests of the several countries; it involved the most drastic executive action. And this action had to be effected through national departments co-ordinated by international bodies, not by international bodies acting with a direct executive authority delegated to them by the Governments.

With the end of the war, the immediate tasks for which the Allied organization was created ceased. The new work which the needs of the transition period from war to peace imperatively demanded was either neglected or inadequately handled because the centrifugal forces released by the removal of a common danger broke the Allied machine.

THE LEAGUE OF NATIONS

The peace of June 1919, however, created in the League of Nations a new organization designed, and perhaps destined, to be henceforth the centre of inspiration of all international co-operation.

It is by considering the probable work and development of this new instrument that we shall best see the future of international administration and the extent to which the experience of the war is likely to prove of permanent utility.

The League as an organization has already suffered from extravagant hopes and excessive despair. Both largely proceed from an entirely false conception of the inevitable limits and conditions of the power of this or any other organization. Many people seemed to think that the mere institution of the League would enable the wishes of its most enthusiastic supporters to override the policies of constituted Governments, and the effective will of the majority of the world as reflected and expressed, with whatever distorting influences, in the personnel and policies of those Governments. No such super-government or parallel government is possible. The League is an instrument through which the real desire of the world for international co-operation

can find expression and be put into effect. It is a medium through which the aspirations of those who created it can exert an influence on world opinion, can educate that opinion and, by bringing it to bear on the political mechanism of the different countries, can permeate and leaven the whole of public life. But it is not, and cannot be, a short cut to supreme control. It cannot enable the best part of the world to impose its will upon a hostile, an indifferent, or an apathetic majority. It is an instrument and not an original source of power. It is a medium, but a medium only, through which the desire of the world can find expression.

Moreover, the League under the Covenant is based upon existing national authorities. The members both of the Council and of the Assembly are nominated by Governments. It therefore expresses the will of the world indirectly, not directly by a parallel form of popular representation. Those who care most for the ideals on which the League was founded can indeed use the League itself in many ways to mobilize and concentrate their forces. But the route to *action* lies first through the national electorates and the various national media through which the policy of national Governments can be affected.

DIFFICULTIES OF THE LEAGUE

But apart from these inherent limitations in its power, the League has started under conditions of special, and to some extent temporary, difficulty of which we must take full account if we are to judge accurately either its present position or its prospects.

In the first place, the Covenant is drafted as if the League came into operation at a time when peace had been made and as if its duties were to deal, not with the results of the last war, but only the possible causes of future wars. The Peace signed in June 1919, however, was only the first chapter in a peace which is still being negotiated in every centre of power in Europe. The great bulk of the actual questions requiring international decision during the last eighteen months have been questions directly resulting from the war, but not settled by the Peace. They have therefore primarily concerned those who fought the war and negotiated the Peace, and have thus been undertaken by meetings of the Allies in the Supreme Council rather than assemblies of the

world, including neutrals, in the League of Nations. The consequent absorption of power and public interest in the Supreme Council as compared with the League of Nations has inevitably brought discredit upon the latter and given it the appearance of ineffectiveness. This is the more so because the line between Allied and world questions is hard to draw and the Supreme Council has therefore dealt with many matters which have a world interest and might alternatively have been dealt with by the League.

In the second place, the abstention of the great Power whose President was specially associated with the creation of the League has deprived it of much of its authority and strength. The long drawn out uncertainty as to whether America would join or not, and, if so, on what conditions, has made it difficult to construct the organization, which will be on a different basis if the League is to be in effect a League of Europe and not a League of the World.

Equally important is the immense centrifugal force of national separatism which developed as soon as the war ended. During the war national sentiment had been stimulated in every country as a necessary element in the motive force by which the struggle was continued. The consciousness of nationality, and of divergent national characteristics, which had been comparatively latent in the years of peace was awakened and intensified. While the struggle lasted this developing separatist force was denied its expression by the imperative necessity of common Allied action. As soon as the imminent danger was over, however, it appeared in its full strength. The world started, therefore, with an immense handicap upon its task of co-operative action in a chaos of international problems. Any remaining sense of a common interest proved, in one problem after another, inadequate to cope with the strength of developed national sentiment. This crucial difficulty of the Peace discussions between the Allies remained an obstacle to the work of the League when the Peace itself was signed.

THE WORK OF THE LEAGUE

When, with these permanent limitations and these temporary difficulties in mind, we turn to the actual objects of the League as set out in the Covenant, the most striking thing about them

is that they are so elastic and expansive in character. The League may, without contravening the Covenant, be relatively limited in its operations or it may extend them until it becomes the most important single centre of authority and influence in the world.

The main objects of the League, as they emerge from the Covenant, may perhaps be described as being of three different kinds :

(a) the provision of a means of settlement without war of disputes and quarrels after they have arisen ;

(b) the removal of whatever disturbs the good understanding between nations on which peace depends, that is the removal of the *causes* of quarrels and disputes before they have arisen ; and

(c) the provision of machinery by which, quite apart from questions of peace and war, the nations of the world may mitigate suffering and promote progress by international co-operation.

The primary duty of the League is to intervene when disputes have arisen and to submit them to a process of conferences or arbitration. At the highest this will bring a world opinion and influence to bear upon them, and at the lowest it provides an interval in which the countries directly concerned, their peoples as well as their Governments, will pause and reckon the cost, will exhaust the possibilities of settlement and take their decision deliberately. Even this is a service of great importance, since many wars might have been prevented if the War Offices of the disputing countries had not rushed their Foreign Offices in the last stages of negotiations, through their anxiety to obtain the military advantage of the first blow.

But this rôle, though important, is limited. If the League does not intervene until the dispute has already arisen in a form visibly threatening war, its rôle may be restricted to that of a wise friend securing time for delay and giving good advice, but in the last resort standing aside for the disputants to settle their own quarrel.

It is when we come to the second duty, the ' removal of whatever disturbs the good understanding between nations ', that is, not the settlement of disputes but the removal of their causes, that we reach the most interesting and the most difficult of the League's problems. The crucial task of the League is not to deal with justiciable questions, i.e. questions which can be settled by

some form of arbitration procedure, but with the much more fundamental non-justiciable questions which precede disputes and, if unsettled, inevitably result in war.

Let us illustrate the distinction by taking the probable economic duties of the League as being those most closely related to the administration described in this book. The first, the settlement of economic disputes after they have arisen, is a comparatively simple administrative problem requiring the institution of some form of court, or arbitration system, or judicial procedure before the Council or Assembly of the League. In the nature of the case the dispute only comes within the sphere of the League's action after it has already become a matter visibly endangering international relations. Whether or not the dispute is settled will depend mainly upon its intrinsic character and little upon the actual mechanism of the procedure employed by the League. The task presents no administrative problem of any special interest.

When we come next, however, to economic causes of friction which may ultimately result in disputes, we enter a field almost as wide as the whole sphere of human activity. We may not believe, with some advocates of the theory of 'real' politics, that economic factors are the sole cause of war, and we need not ignore the very important part which religion and national sentiments of honour may play. But it is at least certain that economic conditions are among the most important, perhaps are the most important, ultimate causes of international quarrels. It is therefore to be hoped that the League and the power which it is able to wield will be used tactfully, but with strength and resolution, to influence the economic policy of the different countries of the world in such a way as to reduce to a minimum the potential causes of economic disputes.

If great and developing countries have no access to the sea, no outlet for their industrial activity, no safety valve for their increasing and surplus populations by acceptable conditions of immigration, no reasonably fair and free entry into the colonial and other markets of the world, the maintenance of secure peace will be impossible. A large proportion of the wars in the world's history have obviously resulted from the abuse of the power of

government in order to secure an undue commercial and economic profit by means of the political force and the military force which it commands. The abuse has sometimes taken the form of the seizure of new territories, sometimes of the monopolization or exploitation of territory already acquired, sometimes of the imposition of deliberately injurious systems of differential duties, dues, tariffs, and subsidies. Whatever the form, however, the origin is the same ; the desire to use the instrument of government for economic or commercial advantage.

Fortunately we have in the Covenant itself some indications of the direction in which the policy of the League should develop in this sphere.

There is first a provision in Article 23 requiring members to secure and maintain freedom of communications and transit and equitable treatment for the commerce of all members.

There follow the arrangements under Chapter XII of the Treaty for securing free and equal terms of transit over four of the main rivers and certain of the great railways of Central Europe.

In the third place there is a provision as regards certain mandatory colonies that the terms of the mandate should secure to the other members of the League commercial privileges equal to those possessed by the mandatory power.

In the fourth place, Article 3 in the Fourteen Points which preceded the Peace, and to which all the belligerents in the late war subscribed, provides for ' the removal as far as possible of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the Peace and associating themselves for its maintenance '.

It is significant that the first great international conference (the International Financial Conference at Brussels in September 1920) included among its most important resolutions one to the effect that,

within such limits and at such time as may appear possible, each country should aim at the progressive restoration of that freedom of commerce which prevailed before the war, including the withdrawal of artificial restrictions on, and discriminations of price against, external trade.

In these tentative and cautious provisions we have, perhaps, an

indication of the sphere in which the influence of the League may finally achieve its most valuable successes.

Certainly in its dealing with such 'non-justiciable' questions, with the causes of disputes not their mere settlement, that the League will fail or succeed in ensuring the future peace of the world. 'The occasions of war are often trivial; but their causes are deep-rooted.'

THE ULTIMATE PROBLEM OF THE LEAGUE

What after all is the ultimate problem of international government? It is, we may suggest, the administrative division of the world in relation to the inevitable and constant change in the relative strength and development of different nations.

In the fifteenth century Spain was a great and virile country and had an Empire corresponding with her strength. In the sixteenth century Spain declined and France developed, and under the old system France acquired by force of arms an Empire corresponding with her new strength. In our own century we have seen a similar growth in the German Empire. The problem of adjusting the government of the world to such developments will prove the supreme difficulty of any international machinery which intends to replace force of arms by peaceful settlement.

Any real hope of successful machinery being devised probably depends upon whether it is possible to drain some of their content from the passions behind national feeling; and here the crucial point is whether it is possible to isolate questions of commercial interest and advantage and eliminate national feeling from them.

It is not beyond hope that if this can be done the question as to which country shall govern some part of the territory of the world, while still engaging a perfectly genuine national sentiment, will not rouse this sentiment to a point at which a solution without force will be impossible. There is a strong, legitimate, and laudable local patriotism as between the inhabitants of Manchester and Salford. But the frontier between them is no economic barrier. It does not affect the daily conditions of life and work of those on either side. Though there may be disputes and considerable feeling, therefore, they do not develop to the point of making the

inhabitants of one side want to kill those on the other in order to dispute the award of an impartial Local Government Board or Ministry of Health. It is possible to conceive a similar state of affairs with regard to national divisions of territory, if, but only if, there is not added to the genuine national feeling the much more dangerous and poisonous element of competing commercial interests.

If, however, the possession of a certain territory is used by the Government which happens to administer it for the purpose of giving an economic advantage to its own citizens by discriminatory tariffs, the time will inevitably come when force of arms will be the only method of decision. If a particular country, for instance, entrusts the valuable monopoly of one of its own colonies to a national trading company, the time will come when that company will, in comparison with, and under the enervating influence of its special protection, serve both the exploiting country and the importing world inadequately and unfairly. The world will not, and perhaps ought not to, tolerate the situation. This is only a single example of a principle which permeates the whole problem and is indeed the decisive factor in it.

It may indeed be ultimately recognized that it is fundamentally wrong to use the instrument of government to influence the commercial struggle for commercial profits. It is one thing to use national or international machinery to equalize, or alter, the conditions (including those of labour) under which the commercial struggle takes place; or to exclude from it altogether certain areas of industry and make them entirely national in character. It is a very different thing to take a part in the struggle, while it still continues under the conditions of commercial competition, and to add the strength of Government power to one of the competing parties.

This, however, is to speculate, perhaps idly, upon possibilities of the future; and to suggest, not a criticism of any present national policy, but a conceivable development of international ethics when international relations have been radically changed. Even from the indications of the Treaty itself, however, it is obvious that the economic work of the League may profoundly affect the economic action and policy of the several Governments

if it is not content to deal with disputes but proceeds to deal with their causes.

The third main category of the League's duties, the provision of machinery by which, quite apart from questions of war and peace, the nations of the world may mitigate suffering and promote progress by international co-operation, is rather suggested than prescribed in the Treaty. Under this category, however, would come such action as the League has already taken to arrange the repatriation of prisoners from Siberia and to assist the Governments to consider the financial problems of the transition period from war to peace by arranging the Brussels Financial Conference.

If the League is to take part in influencing economic policy of this kind, it is evident that its work is infinitely more far-reaching and difficult than anything arising from its primary duties under the Covenant.

TWO CONCEPTIONS OF THE LEAGUE

When, therefore, we are considering the kind of organization which the League must develop, we must start with a clear conception of what it is intended to achieve, and of the extent to which it is to affect the current work of the national Governments of the world.

At the one extreme, as we have seen, the League may touch political questions only at the point at which they are visibly causing or about to cause serious international disputes. In that case the bulk of its current work may be mainly that of handling or co-ordinating a mass of non-contentious business such as postal conventions and the supervision of water ways. On this conception the government of the world will, in international as well as domestic affairs, remain essentially national and separatist. Each Government's policy will be developed through a complete departmental organization, formed and decided upon by the national Cabinets, and communicated, when communication is necessary, to other Governments through one medium, the Foreign Office.

At the other extreme, however, the League may be conceived as ultimately becoming an integral factor in the determination of the policy of every national Government in the world so far as its policy affects other countries. Both the government and the

administration of the world in international affairs may then become gradually, but really and effectively, international. On this conception the policy of the several nations would not be merely adjusted by negotiation, but to a large extent would be both formed and developed by international consultation.

On the least ambitious forecast the League will doubtless go beyond the first conception, and on the most ambitious it will certainly for many years fall far short of the second, but the organization must from the first be based largely on one or other conception of this main character and ultimate tendency.

Now practically all the work involved in the more ambitious conception is work which cannot in its nature be carried out by the League itself under any delegated authority. The League's work in such a sphere must necessarily consist, not in forming and executing policy, but in influencing its formation and its execution in the national administrations. It is this that constitutes the League's essential problem.

And at this moment, faced with the task of influencing the Governments of the world, the organization of the League is necessarily losing something of its direct contact with the two greatest European centres of power—London and Paris—by the transference of its secretariat and the principal centre of its meetings to Geneva. It escapes some of the dangers of the political environment at the risk of being divorced from the realities of political power. It is regrettable that during the year and a half of waiting between the signature of Peace and the transference to Geneva it has been impossible for the League to acquire such a dominant position as to make any centre to which it transferred its headquarters a metropolis of the world. To regret that, however, is to regret what is not and never has been possible. The position must be taken as it is and the first necessity is to do everything to meet the danger that the League, thus separated from the actual centres of power, will cease to have a continuous influence on the current political development of the world ; that it will be reduced to its less ambitious task of dealing with disputes when they have arisen and of handling a mass of useful and non-contentious work.

ADMINISTRATIVE METHODS

(a) DIRECT CONTACT

So far as administrative arrangements are concerned, the first thing is to apply the main principle illustrated by the Allied war organization, viz. that of penetrating the national administrations and linking them to the international organization by ensuring direct contact between those who exercise responsible authority in the several countries.

It is true indeed that the work to be done is in one respect essentially different from the work of the war. During the war the problem was to co-ordinate continuous executive work in the different countries so that it fitted into a coherent plan. What the League will normally want to do is, not to secure executive action, but to influence the formation of general policy in a direction which on the whole will tend towards the peace and general welfare of the world. Its work indeed will, to a large extent, consist not in securing official action for international purposes, but in restraining its use for national purposes when these involve injury to other countries. Much of the Government control instituted during the war for the common good of the Allies has since been used as an instrument in the competition between them. In a large part of its work, therefore, the tendency of the League may be to change the object rather than to increase the extent of Government action. Much of its work may, in one sense, be negative. The duty of removing causes of dissension takes priority over that of promoting co-operation in positive action.

This difference means that the association between Ministers and officials in different countries within a given sphere may be both less elaborate and less constant, but the essential principle remains that effective influence can only be secured by direct contact.

Incidentally, this principle of organization has the advantage of not only securing the maximum of influence but of attaining its ends with the minimum of expense. It cannot, of course, be fairly expected that an organization concerned with the international reactions of the policy and action of a whole world will cost no more than a single department in a national administration. But a system which converts the existing national administrations

themselves into the instrument of international work is essentially economical. Highly skilled secretariat and organizing capacity is needed, and some expert knowledge. But the staff, and its total cost will, in relation to the scope of its work, be comparatively small. Occasional travelling expenses are less costly than permanent salaries.

(b) PUBLICITY

But if the first principle is one which has been thoroughly explored in the war, the second is one which was necessarily unknown till the war was concluded. The League must secure real publicity for international discussions of international affairs. The first method, of bringing Ministers and officials in contact with each other, secures that within each country executive decisions are taken, and policy is formed, with a due knowledge of the points of view of other countries and some consideration of the effect upon those countries. Persons of authority in different Governments are brought within the sphere of each other's influence. The second method, however, goes far beyond this and brings Ministers and officials of all countries alike within the sphere of the potent influence of the general public opinion of the world.

THE BRUSSELS FINANCIAL CONFERENCE

Both principles are well illustrated in the first piece of work of the kind we are now contemplating which the League has taken in hand—the summoning of the great International Finance Conference of Brussels in September 1920, to consider the financial problems of the world resulting from the war. Here the League took the initiative in inviting financial representatives from practically the whole world to meet and discuss the financial problems common to all of them and the policy of each country in relation to its effects upon other countries. Thirty-nine States, representing 75 per cent. of the population of the world, were in attendance. The delegates were named by the different Governments but were not the spokesmen of official policies. They came as experts with both private and official experience, and the conditions of their appointment enabled them to give the conference the full benefit of their knowledge and to express their

personal opinions with freedom. Their main discussions, and indeed all their discussions except in committee, and their full conclusions, were published to the whole world. While they were still proceeding the world knew what they were saying and they were themselves sensitive and responsive to the reaction of world opinion as it was expressed from day to day in the Press.

Here the organization of the League of Nations fulfilled its essential function, which is not that of controlling the world from a new centre of power, but of affording a new opportunity to the nations of the world to work out their own policy in co-operation. It took the initiative in inviting the Conference. It offered the invaluable assistance of an administrative machinery through which the necessary information was supplied and the material requirements of a large Conference provided. It gave perhaps a certain orientation to the discussions from the mere associations of the Covenant in whose name the invitation was sent. It defined the terms within which the debates took place. But at that point it stopped. It attempted to exercise no influence over the policy being developed through the discussions; and whether or not the conclusions recommended were acceptable to the appointing Governments, or to the Governments on the Council of the League, it published them and published them in full for submission to the general verdict of the world.

The results even of this first attempt were striking. The Conference recommended unanimously the formation of certain continuous organs of international action to relieve some of the financial troubles of the world. More important, however, perhaps than such specific recommendations were the declarations on general policy. These have sometimes been depreciated as being as the official Report phrases it, 'axiomatic in character rather than original contributions to the financial problem of the world.' It is a striking thing, however, as the Report continues, that the adoption of these recommendations, which were made collectively and unanimously by eighty-six delegates from thirty-nine States covering three quarters of the population of the world, would mean a fundamental change in the policies of the great majority of European nations. The Conference recommended, after full consideration of the difficulties which their proposal would imply,

that at all costs Governments must meet their ordinary current expenditure out of their ordinary current revenue as the only alternative to further inflation and further increase in the cost of living. At the moment when they made this recommendation, the budgets of eleven out of twelve of the European countries represented did not meet this condition. The Conference recommended, with equal unanimity, greater freedom of commerce and the withdrawal of artificial restrictions and discriminations of price against external trade. At the moment when they made this recommendation economic recovery was being rendered impossible in a large part of Central Europe by new economic barriers created since the war. It concluded by making an equally unanimous declaration that the removal of the economic uncertainty at present besetting alike the countries which are entitled to receive, and the countries which are under an obligation to pay reparation is indispensable not only for the reconstruction of the countries devastated by the war but also for the recovery of the States on whom the burden of reparation lies.

In nearly every country there are those who advocate the policy approved by the Conference, and those who oppose it. The former will certainly be strengthened, and the opposition of the latter weakened by the recommendations.

In the current legislative and administrative problems of a score of countries the recommendations of such Conferences will thus have a varying, but sometimes a decisive, influence. Their full effect cannot be measured at once and can never be measured with precision.

It requires no great effort of the imagination to conceive that the extension of this method of inviting representative people within different spheres of action and policy throughout the world to meet in conference with each other, in the full light of publicity, may gradually but profoundly affect the formation of policy in every country. It is a method by which the official policies of all countries can be penetrated by the influence of other countries and, beyond that, by the influence of the public opinion of the world. It is a method by which simultaneously that world public opinion can itself be not only mobilized, when it exists, but formed and educated.

NATIONAL ADMINISTRATIONS AND THE LEAGUE

If, however, under the difficulties of geographical separation from any actual centre of power, the League is to remain in contact with the realities of the life of the world, it must have its permanent roots in the administrations of the world. For this purpose the best method is likely to be the nomination of people who hold, and continue to hold, positions of executive responsibility in the different Departments of the several countries as persons specially entrusted with the additional duty of watching the international aspects of the work of these Departments. In each great Department whose activity concerns other countries, such as the Boards of Trade and Treasuries of every important country, such officials would be looked upon by their own departments as a means by which the department would be kept informed of the international point of view. The same officials associated in Committees with the corresponding officials of other countries would secure the 'direct contact' which effective international work requires and would, as we have seen, themselves thus form the instrument of that work. In such committees they would represent before their colleagues of other countries the specific point of view of their own country. They would also give greater reality and continuity to the more authoritative meetings of the respective Ministers in such Councils or Conferences of Ministers as the League invites to meet from time to time.

In each country these representatives of the different departments, sometimes Ministers and sometimes officials, might meet (preferably under secretariat arrangements made by an officer attached to the Prime Minister's department) to survey national policy as a whole in its international aspects. In such meetings specifically political affairs would be represented by a member of the Foreign Office, but the whole official life of the country in its international aspect would not find its sole medium of expression through this Department.

THE LEAGUE'S WORLD ORGANIZATION

With an organization gradually developed in this way, and with the development of conferences through which public discussion would take place on all matters of international importance, one

can imagine that in time the government and the administration of the world may be profoundly altered. One can conceive indeed that though the head-quarters of the League may, and perhaps must, be in a single city not itself a centre of direct executive power, the League's real organization will be, both in reality and visibly to all men, not located in one city but in sections in all the main capitals of the world. The central organization of the League will not be a centre of controlling power but an instrument to co-ordinate activity which is world-wide in its influence and its effects. No organization which attempts to dominate can conceivably dominate within anything but the most limited scope and range. But an organization which is content with the more modest rôle of assisting the nations to govern themselves in co-operation may permeate and gradually transform the whole policy of the world.

The conception here presented is thus not that of a central super-government. It may be that this will come. It may be that the central organ of the League will in time itself become possessed of executive power, which, within a wide and widening sphere, will override the powers of national Governments. It may even be that in future ages the world will find a single centre of legislative and executive authority by a process of development similar to that by which provinces have been united into kingdoms and kingdoms into Empires. Such direct power, however, if it comes, must be delegated, not usurped. It must grow by a natural process from the gradual union of the national authorities, and the increasing harmony of their policies. It must not appear suddenly as a new, an alien, and a rival force. In the immediate future executive power can neither be seized from, nor is it to any very important extent likely to be delegated by, the national Governments. Looking at our problem, therefore, within the perhaps restricted range of an administrative vision, we must contemplate the League attaining its ends through the more humble methods of organization here described.

This means, however, neither pessimism nor a narrow ambition for its work. One may hope by the gradual and careful extension of this organization and these methods to arrive at a time when no Minister and no official in any centre of power in the world will frame his policy or carry out his daily executive work without

a réal consciousness of its reactions upon other countries and responsiveness to their claims. One may even imagine, to take an extreme and perhaps remote example, that the time may come when no Minister will frame a tariff affecting the trade of other countries without previous consultation with the countries which it affects, without being prepared to defend it in Council with his colleagues of those countries, and on grounds which he can justify not only before them but before the whole world, to whom their discussions are known.

So gradually under this system all the forces which exist in the world to assist the development of policy in a direction which conduces to peace and the general welfare, as distinct from national advantage and international dispute, may be mobilized and brought to bear at the most vital and effective points of national administrations. And a mechanism so constructed can never break under the strain of what it undertakes. It is elastic. It adjusts itself automatically to the possibilities of the moment. It gives expression in its most effective form to the real international feeling of the world. But there it stops. It does not attempt to impose by either superior force or administrative device the international policy of any minority upon the reluctant or resistant national Governments of the world.

PART VI

DOCUMENTS AND STATISTICS

(For Index, see p. xxii)

THE documents printed in Part VI consist partly of official papers of the Allied Maritime Transport Council (which are published with permission) and partly of statistics.

They have been selected with the object of illustrating the nature of the Allied organization developed during 1918.

To these have been added a memorandum (Document No. 18) on the position of sea-borne traffic at the end of the war.

DOCUMENT No. 1

THE ALLIED AGREEMENT OF 3RD NOVEMBER 1917—AND ITS APPLICATION

[DOCUMENT 1 discusses the difficulty in interpreting and applying the Agreement of the 3rd November 1917, and was written to advise the British Government as to the policy to pursue in developing Allied co-operation. The text of the Agreement itself is given on p. 148. Its importance lies in its practical recognition of the long-contested principle of 'Pool Tonnage' for employment, though not for management. The way in which effect was gradually given to the principle forms the main theme of Part IV of this book.]

In considering the best form of co-operation which we should attempt to secure between the Allies including America and ourselves, we must start with the following decisions already arrived at.

(1) The Agreement of the 3rd November 1917. In this France and Great Britain agreed that they considered that of the different allied wants, food is the most important and can be treated separately, and that the burden of providing the tonnage for carrying it should be a common charge on all the Allies including the United States, but that inasmuch as the need for an immediate arrangement is pressing the Governments concerned would accept the responsibility of providing the tonnage that might be required *proportionately to their respective means of transport* with

or without the help of the United States, and they further agreed that they would proceed forthwith to examine the other hardly less important needs of the Allies.

This Agreement is not altogether easy to interpret with precision. It apparently contemplates pooling tonnage for food but not for other requirements. The tonnage, however, is to be provided 'proportionately to the respective means of transport'. This cannot mean the mere application of a mathematical formula. It would for instance be absurd to say that if Great Britain had 7,000,000 tons engaged in importing work, France 2,000,000 tons and Italy 1,000,000 tons, the tonnage required for the agreed programme of all three countries should be provided in the exact proportions of 7, 2 and 1 by the three countries respectively without regard to the nature of their needs. Putting aside this impossible interpretation, however, the only alternative one is that tonnage should be provided after common examination of all the demands upon the tonnage of the three countries and this in practice almost does away with the distinction made in the Note between food and other requirements. The only difference is perhaps the recognition that food should have a general priority. The distinction, however, between withdrawing a certain quantity of tonnage from each country for food and therefore leaving a consequent amount of tonnage for other requirements after examination of these requirements and on the other hand pooling for all purposes is clearly rather a slender one.

The following two further principles have been agreed between ourselves and M. Monnet and circulated to Lord Milner, Lord Robert Cecil, Mr. Churchill and Sir Albert Stanley.

(2) That America, France, Italy and Great Britain should all tabulate and make available to each other a statement showing in detail and as nearly as possible in the same form each class of requirements for which tonnage is needed and secondly the tonnage now available and likely to be available in future through new building, &c. and (3) that all four countries should agree that the neutral and interned tonnage obtained through any channel and by whatever country should be used in such a way as to increase by an equal extent the tonnage in direct war services, the extra tonnage being allotted so far as practicable to the most urgent war need of any of the Allies. The method of allocation must be worked out later, but it is important that the principle should be recognized that it is urgency of war needs and not the method by which the tonnage has been obtained that should be the criterion.

We require to consider in some detail the machinery required to give effect to these principles.

For this purpose the following suggestions are submitted :

(1) The Wheat Executive has shown the great advantage of Inter-Allied criticisms of a particular class of requirements by the experts of each country. It is proposed that this machinery should be extended to

cover all the main classes of imports. Executives on the model of the Wheat Executive are already being formed for sugar, for meat and for oil seeds and fats. By similar additions to such executives or by extension of the powers of the Wheat Executive food can easily be covered. A Nitrate Executive has also been proposed and it might be either extended to cover other munitions or have a Munitions Executive working on the same lines. Later on perhaps an Inter-Allied Raw Materials Executive could also be formed. It will be noted that these Executives consist essentially of experts of the various Supply Departments and are not shipping in character though they have to be very closely linked to the shipping machinery. Naval and Military demands in the narrower sense, e. g. for vessels directly engaged in combatant services or in troop carrying, &c. would be outside such arrangements, and the coal and ore trade could similarly be set aside, though it is conceivable it might be brought within a similar arrangement at a later date.

(2) With such Inter-Allied Executives appointed, it is necessary to consider their relation to the main problem of the allocation, programming and direction of ships and to the national import restriction authorities. Probably the most convenient course is that we should proceed as at present with an investigation of our own imports on the basis of an estimated available importing capacity which assumed certain specified liabilities. In our case these assumptions are that we will maintain the same number of British vessels in the service of our Allies as at present and also meet the increases in their cereal demands. It is desirable that France and Italy should take in hand a similar reduction upon complementary assumptions as to the liability of their tonnage, i. e. that they will be liable to meet their demands with the tonnage they now have plus extra assistance from us for cereals. When the Milner Committee has completed its work, the representatives of the different Supply Departments would, through the Inter-Allied Executives, try to arrange that the other countries were submitting to reductions on such a standard as would imply as far as possible an equal degree of sacrifice. The result would doubtless be to carry the French and Italian programmes a long way towards solution, though a deficit would still be likely to result in view of the large loss of carrying power of their mercantile marines during this year. If, however, America is associated with the different Executives the application of the above principle should be sufficient to bring the requirements much more nearly within the programme limits. To the extent to which this is impossible, it will be necessary for the Milner Committee and similar bodies established in the Allied countries to tackle the problem afresh on a more drastic standard.

(3) As the programmes of requirements are being modified in the above manner, it is necessary to have machinery to programme the ships in conformity with the gradual modification of requirement programmes. For this purpose, however, it is extremely undesirable that anything like

an International Shipping Board should be established. *The danger is that such a Board would consist of people who are at once out of touch with the actual executive machinery of the different Shipping Departments and at the same time not invested with such authority* as Ministers like Lord Milner or M. Clementel would have to secure actual decisions for cutting down. What it is suggested is wanted is first of all to secure that there are in London people who can speak for the different Shipping Departments, who would confer with ourselves so as to arrive at a statement of the most appropriate general programming of ships in accordance with the arranged programming of requirements and an agreed statement of the extent to which a further reduction in requirements is necessary in order to make the shipping programme possible. For this purpose we already have suitable people in the executive machines of France and Italy and if Mr. Shearman is appointed to act in a somewhat similar capacity in this country to that which Sir Thomas Royden occupies for us in America, the people required would be available. These people would meet not as a permanent Committee and would not necessarily be always the same, the best method of working being ad hoc Conferences called at the most appropriate moments. From the work of such Conferences representations would be made to the respective Governments through their representatives for either the re-allocation of blocks of tonnage whether national or neutral and or as a complement an application for an order to the respective authorities engaged in cutting down imports to cut them down to a specified extent.

(4) The allocation and general programming of steamers having been arranged in this way, the arrangements for actual direction require to be considered. For this purpose it is essential that C.B. [Commercial Branch] in this Ministry should have different sections linking on to the different Executives in the manner already arranged for the Wheat Executive, and that in accordance with the principle laid down in the Wheat Agreement the actual decision as to the ports to which a specified ship should go, should be given by that Branch in the case of all the commodities dealt with by the different Executives. This is already working for Italy and France would be willing to accept a similar arrangement. The details of management, payment of the vessel and all consequent executive details would be settled by the respective countries in Rome, Paris, London, &c. In the case of America it is doubtful whether a similar arrangement would be possible. We should, however, at least arrange that America should keep us informed by cable of every decision to allocate a vessel to a specified American port and we could adjust the rest of the tonnage upon that basis communicating with America where necessary to secure a change in her plans.

J. A. S.

17 November 1917.

DOCUMENT No. 2

THE NEED FOR AMERICAN ASSISTANCE AND ALLIED
CO-OPERATION ¹

[Document No. 2 is one of the two or three most important here reproduced. It was prepared as a British document ; but was taken as the basis of all the shipping discussions at the Paris Conference of November-December 1917, and its proposals, including those for Allied co-operation, were accepted. The Allied Maritime Transport Council was the organization through which that co-operation was effected.]

The losses of British, Allied and Neutral ships and the serious failure of the French and Italian harvests this year have created a tonnage situation of great gravity.

The position may be briefly summarised as follows :

Great Britain during the war has lost about 10 million tons d.w. by war and marine risks. She has lost net (after allowing for both building and captured ships) about 4 million tons d.w. Taking world tonnage as a whole the gross losses may be taken at about 17 million tons d.w. and the *net* losses at nearly 9 million tons d.w. Of these losses more than half have occurred during this year, some 9 million tons d.w. being lost already this year without allowing for vessels seriously damaged.

Excluding vessels unsuitable for ocean-going trade, it may be said that the total world tonnage now amounts to about 45 million tonnage d.w. Of this about half is British : of the remainder about $\frac{3}{5}$ ths is Allied and $\frac{2}{5}$ ths Neutral.

In a telegram sent to America in September, it was estimated that world building would overtake losses if America could build 6 million tons gross, or say 9 million tons d.w. per annum. This estimate was based upon the experience of this year and made some allowance for marine loss, for obsolescence and for serious damage to vessels not actually sunk ; it was not however designed to do more than overtake losses, i. e. it would not compensate for past losses or for future losses before the new programme matured. Since then losses have somewhat declined, but on the other hand the British building programme which it was then hoped might reach 4 million tons d.w. will it is probable, not produce more than $2\frac{1}{2}$ million tons d.w. On the whole 6 million tons gross or 9 million tons d.w. is still suggested as the best standard for America to take. It was explained in that telegram that the reason why it was impossible for

¹ Tonnage throughout this memorandum is, in accordance with American custom, given in deadweight, except in the calculations of the tonnage for the American Army where the tonnage is given in gross in view of the large proportion of vessels of a passenger type for which deadweight figures are misleading.

Great Britain and the European Allies to build on such a scale as that suggested for America was that in the early stages of the war the immediate necessity was to increase armies, navies and munitions and the Allies' strength has therefore been committed in these directions. A much smaller effort directed to shipbuilding would have enabled them to out-build submarine destruction even at the present rate. Fortunately it was just when merchant shipping became as vital a factor as armies, navies, and munitions, that America, whose industrial and engineering resources are the greatest in the world, entered the war.

As compared with the 6 million tons gross or 9 million tons d.w. America is said to be contemplating a programme of about 6 million tons d.w. The actual programme forwarded to us, however, only provides for about 5 million tons d.w.

The situation has been rendered still more difficult from the British point of view by the fact that nearly 900,000 tons d.w. of shipping which the British Government had ordered in America has been requisitioned by the American Government. This tonnage (allowing for delivery dates) would have had an importing capacity of about 2 million tons in 1918 and would have enabled Great Britain to give additional assistance to the Allies to that extent. It will be recognized that but for the foresight of the British Government in ordering these vessels early in this year and many months before the American Government Shipbuilding organization had been completed, the output of American yards this year and early next would presumably have been much less than it now will be.

Great Britain is now providing France and Italy with over 2 million tons d.w. of British tonnage in addition to over $\frac{1}{2}$ million tons d.w. lent to Russia, the total for all Allies being about 3 million d.w. This tonnage, if withdrawn into British service, would suffice to keep Great Britain's imports next year up to her imports for this year, so that the general position is that her tonnage is sufficient in spite of losses to maintain her own part in the war. The difficulty arises through the necessity of helping the Allies in spite of those losses. It is, however, obviously impossible for Great Britain to withdraw her tonnage from the Allies. On the contrary, she is, in view of the extreme gravity of the position, endeavouring so to restrict even her essential imports next year as to enable her to continue her present assistance to her Allies, to replace British vessels lost in their service and also to provide tonnage sufficient to help in meeting the increase in their cereal requirements through bad harvests, the latter meaning the conveyance of over 2 million extra tons and requiring a further tonnage of about 750,000 tons d.w. If this should prove possible, however, it will only be at the most serious cost to this country. If no further assistance be given to the Allies, British imports next year would be reduced from about 34 million tons to about 28 million tons (excluding oil fuel for Admiralty in both cases). In considering these figures it must be remembered that British imports of food (which are capable of little

reduction) amount to about 15 million tons, that over 11 million tons consist of ore and munitions, and that a large proportion of the remaining imports are required for war purposes. As compared with these figures, her pre-war imports amounted to about 54 million tons. That is her imports, excluding food and munitions, which amounted to over 36 million tons in peace times, have this year fallen to about 8 million tons; and 6 million tons must, as stated above, be taken partly off this figure and partly off the food and munitions requirements for next year even apart from the conveyance of the further 2 million tons of cereals for the Allies.

It is necessary to emphasise the fact that if in spite of the above facts and of the loss of the British ships building in America Great Britain is able to realise this programme, it represents the most extreme assistance it is conceivable that she can give and that it may be impossible to give assistance to this extent.

Of about 27 million tons d.w. of British ocean-going tonnage at the beginning of the war, we have sustained a net loss of about 4 million d.w. A further million tons is in the Yards for small and big repairs. About 5 million d.w. tons are required for direct Army and Navy services apart from indirect requirements such as munitions and about 3 million tons d.w. are in the service of the Allies. Excluding vessels which are unsuitable for general work or are required for essential supplies of the Colonies, this leaves only some $9\frac{1}{2}$ million tons d.w. for importing work. In order to make this contribution to the war, Great Britain has had to sacrifice her shipping interests, whole Lines built up for many years being completely destroyed, e. g. the Prince and Booth Lines between North and South America. She has had to sacrifice her export trade, exports only being allowed so far as there is space available in outgoing ships sent to bring back essential imports. She has already had to impose severe hardships on civilian interests, the use of petrol being for instance stopped for pleasure traffic, oats not being allowed except for horses engaged in essential work, and the supply of cotton for the main British industry in Lancashire being reduced to 60 per cent. The further programme contemplated for next year will go far beyond this and will involve some industrial disaster and the absolute cutting off of many articles of foodstuffs ordinarily regarded as essential.

In spite of those measures, there must, however, still be a serious deficit in the tonnage required for absolutely essential French and Italian requirements through the fact that France and Italy as well as ourselves have had serious losses during this year. France's own statement of her deficit of tonnage is about $1\frac{1}{2}$ million tons gross or 2,400,000 tons d.w. or 6 million tons of imports, which would still leave a deficit of over 4 million tons after allowing for the extra assistance for cereals contemplated as above by Great Britain. It may, however, be perhaps fairly assumed that France could carry on if she had sufficient tonnage (in addition to that given by Great Britain for her increase in cereal demands)

to keep her imports for 1918 up to those for 1917, i. e. to compensate for the reduction in the carrying power of vessels under her own control through losses. This means additional tonnage sufficient to carry some $2\frac{1}{2}$ million tons of imports in the year or say 750,000 tons d.w. continuously employed. Italy on a similar basis would require tonnage for some $1\frac{1}{4}$ million tons of imports or say 500,000 tons d.w. This extra tonnage, amounting to some $1\frac{1}{4}$ million tons d.w. can only be provided from American tonnage or from *extra* neutral tonnage (in addition to what is not in war service and the vessels to replace future losses). This figure (which is less than half the aid Great Britain proposes to give in spite of the loss of the vessels building in America and would mean a contribution by America of only some $\frac{1}{2}$ million tons in addition to those vessels) must be taken as a low figure which would still involve very considerable hardship and risk for France and Italy as well as for Great Britain.

It is suggested that America should aim at providing for an average continuous employment for France and Italy or for Great Britain (which would thereupon give equivalent tonnage to France or Italy) not less than $1\frac{1}{4}$ million tons d.w. excluding oilers and meeting her own military requirements with the balance. It is hoped that $\frac{1}{2}$ million tons of this can be given at once, and the rest provided as the American shipbuilding programme develops.

The tanker position is somewhat different, Great Britain has throughout made it clear that, while she could transport her own supplies although not all the Allies' supplies without assistance, she had insufficient tank vessels for the supply of oil fuel to the Navy. In consequence of this deficiency, it has been necessary to use the double bottoms of ordinary cargo vessels (to the extent of about 100,000 tons a month) to carry oil fuel, which is uneconomical and means delay and the loss of an equivalent weight of ordinary cargo. America, however, is relatively rich in tank vessels and in arranging to give additional ordinary tonnage to her Allies in spite of her own serious position Great Britain hopes that America will find it possible to provide, by requisitioning from commercial employment, sufficient extra tankers to make up the deficit and to render unnecessary the continued use of double bottoms. Full particulars of the oil fuel and tanker position have been given to the American Government.

What is urgently needed is the immediate provision of 100,000 tons d.w. of tanker tonnage with a further addition of 200,000 tons d.w. as soon as possible.

In considering the possibility of America accepting this position, it is necessary to take into account the American military requirements on the one hand and on the other the tonnage at her disposal now and during next year.

Official information just received from the American Government states the American position at present to be as follows.

There is a total of 539 vessels under American Registry over 2,500 tons

d.w. aggregating 3,620,320 d.w. of which tankers represent 1,052,253. As against this the Navy has (excluding tankers) 30 vessels aggregating 151,509 d.w. tons. The Army has 103 of 848,894 d.w. tons, 48 vessels of 308,719 d.w. tons have been allotted to Allied Governments and 81 vessels of 501,705 d.w. tons are in private trade in the war zone. American requirements for necessary supplies are estimated at $2\frac{1}{2}$ million tons d.w. excluding tankers, representing a considerable increase from the former figures which shewed a requirement for $1\frac{3}{4}$ million tons d.w. for imports from the Far East and from South America.

It is stated that there are no vessels now capable of being withdrawn from present trades, and the American tonnage shortage on the above figures is given as $1\frac{1}{2}$ million tons d.w. without counting about 1 million further tons which are being asked for by the Allies.

The above figures of course do not include the small vessels under 2,500 tons d.w. which are presumably available to help in coastwise work, nor sailing vessels available for the same purpose. Nor do they include neutral vessels employed in American waters of which there are believed to be some $\frac{3}{4}$ million tons d.w. mainly Norwegian. In addition the Eastern imports can presumably be largely carried in Japanese tonnage of which it is understood something like 500,000 tons d.w. might be available. In addition there is the possibility of bringing into employment refugee neutral tonnage that is now idle in American Ports which is understood to amount to some $\frac{1}{2}$ to $\frac{3}{4}$ million tons d.w. There are also possibilities of interned vessels in South America being brought into use. Beyond this there is, of course, the American new building. By the 1st April this should, according to the present programme, give an extra million tons d.w. Later the situation should improve rapidly, as new building from April to June should give a further $1\frac{1}{2}$ million tons and from July to September a further $1\frac{1}{4}$ million tons d.w. and from October to December a further $1\frac{1}{4}$ million tons d.w.

Some reference may also be made to British experience in connection with the statement that no ships are capable of being withdrawn from their present trades. This of course must be for America to decide and Great Britain has no desire, nor the necessary information, to criticise the estimate upon which this conclusion has been formed. It may be useful to remark, however, that one of the most remarkable things Great Britain has learnt in the war is the extent to which it is possible, without absolute disaster, to cut off requirements that on first careful investigation appeared to be absolutely essential. Great Britain is more dependent upon imports than any other of the main belligerents. She has to import $\frac{4}{5}$ ths of her wheat and in peace times imports nearly 20 million tons of foodstuffs a year. Under the strain of the war, however, her imports have, as stated above, been reduced from some 36 million tons excluding foodstuffs to some 8 million tons excluding foodstuffs and munitions and this figure must again be reduced for next year. It was never anticipated earlier in

the war that a reduction so drastic would be possible. It is experience alone which has shown that a country which (like America) has a large civilian consumption and (unlike America) is hampered by an inadequate home producing capacity could bear so big a strain. A careful examination by the British Government of the 50 million tons of imports coming in earlier in the war showed that only a little over 2 million tons were regarded as non-essential. In fact, however, the determination to continue her increased naval and military operations and to continue her assistance to the Allies has resulted in the immense further reductions shown above and though there has been hardship and inconvenience there has so far been no actual disaster. There are, of course, a very great number of imported articles which are both required for military purposes and are also used for civilian consumption. The only practical way which Great Britain has found of economising tonnage in these circumstances is to start by actually withdrawing ships so ruthlessly that those left are quite inadequate for normal civilian consumption. In the more important cases such as steel, it has been found necessary to prevent any civilian consumption except through a specific licence given only on the ground that the proposed use was essential in the national interests. It is suggested that in a similar way America might find some of the wool which she requires for military purposes by obtaining it from the wool consumed by her large civilian population. Nothing has been more strikingly shown in the war than that civilian requirements can adjust themselves to reduced supplies when the necessity actually arises through the withdrawal of vessels for military service to a very much greater extent than the best experts considered possible beforehand. It may be hoped therefore that America will find that some further vessels that she now thinks possible may be rendered available from private employment for war service and the total tonnage shown as above as available for the latter purpose may be increased accordingly.

Against this tonnage there are the American requirements stated above, plus the additional Allied requirements also stated, a necessary provision to meet losses and above all the increased needs of the Army.

The needs of the Army are extremely difficult to calculate as the exact composition of American divisions, and the way in which they will be transported are unknown, and the provision for reinforcements and for hospital ships, which must of course depend upon casualties, &c., is in any case very speculative.

It may be said generally that it takes 4 gross tons of shipping to transport a man, 8 gross tons to transport a horse or mule, and to supply one man from America would require 1 gross ton perpetually employed. These figures, however, make no allowance for hospital ships, reinforcements, &c.

A memorandum is attached showing the vessels required for different military programmes. It has been ascertained to-day that much more

exact information is now available as to the American arrangements. A more precise statement is now being prepared and will be substituted for this estimate which must be regarded as very hypothetical. It will be seen on the assumption that :

(1) wastage of personnel will occur at roughly $8\frac{1}{2}$ per cent. per month or 100 per cent. per annum ;

(2) wastage of forces will occur at roughly $2\frac{1}{2}$ per cent. per month or 30 per cent. per annum ; and

(3) wounded or sick would be retained in France and only the permanently disabled men repatriated to America, the following tonnage would be required on different military programmes (the estimate is designed to show the tonnage required to transport, maintain and supply a given force, commencing December 1st, 1917. It does not take into account the numbers already transported) :

(a) If 400,000 men (including non-combatants, L. of C. troops, &c.) and 70,000 horses are to be in France by the 30th April 1918, the tonnage required would rise from about 1 million tons gross to 1,527,500 tons gross on the 30th April. If no addition were then made to the force 544,500 tons gross would be sufficient to maintain the force and provide reinforcements.

(b) In order to have 800,000 men in France by the 30th September (including non-combatants, L. of C. troops, &c.) and 140,000 horses the tonnage instead of being reduced after the 30th April would rise gradually until by the 30th September it reached 2,072,000 gross tons. If the force were not thereafter increased, 1,089,000 gross tons would suffice to maintain the force and transport reinforcements.

(c) If the force were thereafter increased to 1 million by the 31st December 1918 (including non-combatants, L. of C. troops, &c.) and 175,000 horses, the tonnage instead of declining after the 30th September would increase till it reached 2,341,000 gross tons on the 31st December, the tonnage thereafter required for maintenance and reinforcements, if no further addition to the total force were made, being 1,358,000 gross tons.

It is apparent from the above figures that with the tonnage immediately under American control and with her requirements as at present stated, America can scarcely do more than provide about $\frac{1}{2}$ million tons d.w. for the Allies in the immediate future without definitely limiting her military expedition. If, however, she can bring into use the neutral tonnage now lying idle or out of war work, can meet her Eastern requirements with Japanese tonnage and can reduce her import requirements, e. g. by restricting civilian consumption, there is a reasonable hope that she could provide France and Italy with the minimum tonnage they require as described above and also make her military programme on the basis of having 1 million men in France by the end of next year with the aid of her new building. Any such estimate, however, must necessarily be very hypothetical and to secure any margin it would be necessary that America

should expedite building to the utmost possible extent and if possible raise the rate of output to the 9 million tons d.w. per annum previously suggested.

FORM OF CO-OPERATION BETWEEN THE ALLIES.

The objects to be secured are of course

(a) to make the most economical use of tonnage under the control of all the Allies ;

(b) to allot that tonnage as between the different needs of the Allies in such a way as to add most to the general war effort ; and

(c) to adjust the programmes of requirements of the different Allies in such a way as to bring them within the scope of the possible carrying power of the tonnage available.

To secure these objects an International Board with complete executive power over common pool of tonnage had been proposed, but has been rejected for the following reasons :

It would be difficult for any country and particularly for America or Great Britain to delegate absolute power to dispose of its tonnage (which is the basis of all its civilian and military requirements) to a representative on an International Board on which he might be outvoted. Such a Board moreover would not lead to administrative efficiency partly because the complete control of all tonnage can scarcely be well concentrated in one place and partly because representatives upon it would tend to be at once out of touch with the actual administrative executive machinery and at the same time scarcely invested with sufficient authority to make reductions in the various supply programmes, munitions, food, &c.

It must be remembered that the problem of the allocation of tonnage is largely a problem of securing that the different requirements which make demands upon tonnage should be adjusted in the fairest and best way, and that these requirements can only be so restricted by the experts in each class of commodities. It is for instance impossible for any except the munitions experts of the different Allied countries to deal with the restriction of the Allied munitions programmes within specified limits.

In view of the above considerations the following principles were agreed on November 20th :

(a) That America, France, Italy and Great Britain should all tabulate and make available to each other a statement showing in detail and as nearly as possible in the same form each class of requirements for which tonnage is needed and secondly the tonnage now available and likely to be available in future through new building, &c. These requirements having been classified (showing the source of supply, &c.) and having been adjusted (i) to secure a reasonably uniform standard of adequacy both as between classes of commodities and as between countries, and (ii) to bring the total within the carrying capacity of the Allies as a whole, would form the basis on which the general allocation of tonnage would be deter-

mined. The calculation would be revised at convenient intervals in the light of losses, new building, war requirements, and other factors in the problem ; but it would be an essential feature of the scheme that subject to such periodical reallocation each Nation should manage and supervise the tonnage under its control.

(b) That all four countries should agree that the neutral and interned tonnage obtained through any channel and by whatever country should be used in such a way as to increase by an equal extent the tonnage in direct war services, the extra tonnage being allotted so far as practicable to the most urgent war need of any of the Allies. The method of allocation must be worked out later, but it is important that the principle should be recognised that it is urgency of war needs and not the method by which the tonnage has been obtained that should be the criterion.

(c) Steps to be taken to bring into war service all possible further tonnage, such as in South America, &c., &c.

(d) Control over cargoes carried to be such as to ensure that they satisfy the most urgent war needs in respect of which the tonnage has been allotted.

It is the intention in carrying out (a) and (b) above that Allied bodies for the different main requirements for food, for munitions and for raw materials should be formed on the model of the Wheat Executive, and it is hoped that America will be associated with these bodies.

It is at the same time absolutely essential that for the proper interchange of views and information about the tonnage situation there should be an American representative in this country as there are already French and Italian representatives, who would act in the same capacity here as Sir Thomas Royden does for us in America.

SUMMARY.

The conclusions which appear to follow from the above statement and from the recent discussions between American, French, Italian and British representatives are :

- (1) That America should aim at building at the rate of 6 million tons gross (i. e. 9 million tons d.w.) not 6 million tons d.w. per annum.
- (2) That it is of extreme importance that she should supplement the assistance given to France and Italy by Great Britain by providing at least $\frac{1}{2}$ million tons d.w. in the immediate future and by raising this figure to an average of at least $1\frac{1}{4}$ million tons (including more than $\frac{3}{4}$ million tons of British ships building in America).
- (3) That this is only possible without limiting her military effort, if she (a) takes every possible step to bring into war service neutral and interned vessels now idle or out of war service, (b) obtains the maximum assistance from Japan, (c) reduces her own requirements of imports (e. g. by restricting civilian consumption) and requisi-

tions drastically from her own trade along the lines already adopted by Great Britain.

That if she takes these steps, however, there is a prospect of her being able to transport and maintain an American Army of 500,000 by the early summer and of 1 million later in the year.

- (4) That Great Britain in promising further assistance to the Allies to meet their increased cereal demands, in spite of the loss to herself of the British vessels building in America, has done so in the hope that America will help with additional tank tonnage to the extent of rendering unnecessary the further uneconomical use of double bottoms in British cargo vessels for oil fuel for the Navy (100,000 tons a month). It is hoped that America will take steps to provide sufficient tank tonnage for this purpose and to meet the deficit in stocks by requisitioning tankers from their present commercial employment, 100,000 tons d.w. being immediately required and a further 200,000 as soon as possible.
- (5) That America should, like ourselves, accept the principle that neutral and interned tonnage obtained through any channel and by whatever country should be used in such a way as to increase to an equal extent the tonnage in direct war services, the extra tonnage being allotted so far as practicable to the most urgent war need of any of the Allies.
- (6) That in order to secure the necessary co-ordination and economy in the use of tonnage, America should appoint a permanent representative who can confer with the British, French and Italian Shipping officials in London as Sir Thomas Royden confers with the American Shipping Board.

An International Shipping Board is not considered either desirable or practicable. It is recognized that neither the American nor the British Government would be willing to delegate to such a Board the final allocation of their respective ships, and that the management of American and British ships cannot be centralized in one place. At the same time it is of vital importance that there should be the fullest possible interchange of information and views such as can only be obtained through the presence of an American representative in this country and a British representative in America.

- (7) That the machinery for effecting the necessary economies in all the various commodities requiring transport is provided through Allied Committees for each main class of commodity consisting of exports in that commodity. That Committees should therefore be formed in London for other foodstuffs, for munitions and for raw materials on the model of the Wheat Executive; and that in view of the close relation of the work of such Committees with the general tonnage position and with American policy in the

provision both of ships and commodities, appropriate American representatives should be associated with these Committees.

November 21, 1918.

DOCUMENT No. 3

CREATION OF ALLIED MARITIME TRANSPORT COUNCIL

*(Extract from Official Report of Paris Conference,
Nov. 29th-Dec. 3rd, 1917.)*

The Special Committee for Maritime Transport and General Imports of the Inter-Allied Conference of Paris has decided by unanimous resolution of the delegates of the United States of America, Great Britain, Italy and France, that it is necessary to arrange a form of co-operation between the Allies.

[The Official Report then recites and endorses the objects of Allied co-operation, and the principles agreed with America as given in Document No. 2, and continues.]

Allied bodies for the different main requirements for food, for munitions, and for raw materials will be formed on the model of the Wheat Executive, America being associated with these bodies.

It being necessary in order to obtain decisions by the respective Governments that each country shall designate one or two ministers—the United States one or two special delegates—who will be responsible towards their respective Governments for the execution of the agreements arrived at and who will meet in conference as Allied representatives as may be necessary from time to time, whether in Paris or in London, according to the circumstances of the case, either on their own motion or at the request of the Executive Departments, it was resolved that ‘for the purpose of carrying out the common policy above indicated the appropriate Ministers in France, Italy and Great Britain, together with representatives of America, shall take steps to secure the necessary exchange of information, and co-ordination of policy and effort, establishing a permanent office and staff for the purpose.’

[This sentence constituted the authority for the constitution of the A.M.T.C.]

DOCUMENT No. 4

PRINCIPLE OF ALLOCATION OF NEUTRAL VESSELS BROUGHT INTO THE POOL UNDER THE DIRECTION OF THE ALLIED MARITIME TRANSPORT COUNCIL

[This document should be read in conjunction with the description given on p. 237 of the problem presented to the Executive by the task of allotting neutral ships.]

The principles advocated were in fact adopted and put into operation.]

The main facts to bear in mind are the following :—

(1) If national programmes were fully agreed and there were no national divergencies of interest, all the shipping under Allied control would doubtless be directed by a single Executive Authority which, in giving its orders, would have regard solely to the allocation of each vessel to the work on which, having regard to its type and position, it could be most economically employed.

(2) As programmes have not been fully agreed and brought into conformity with the carrying power of the available tonnage and obviously cannot be, at any rate in the near future, there remains an actual or possible divergence of national interest and views in certain cases. It is the object of the A.M.T.C. and its organisation for the examination of import requirements, &c., to arrange these differences by agreement. It is recognised, however, that divergencies may be too great or too serious for this to be possible in all cases.

This is the fact upon which the principle of the A.M.T.C., that in the last resort each country retains executive authority over its own tonnage, is based.

(3) By common consent, however, this principle is not applied to the small pool of neutral tonnage coming available for direct orders of the A.M.T.C. under the recent arrangements. This pool of tonnage is to receive actual and final executive orders from a single executive authority. That is to say, the intention is apparently that this tonnage should in fact be dealt with as Allied tonnage generally would be if there were no national divergence of interest and all executive power were concentrated in one authority.

If this is to be the case, however, it is clear that the tonnage in question must be used in such a way as not to involve such a question of divergence of national interest as is safeguarded by the proviso of the constitution referred to in paragraph 2.

As an illustration of this, it is obvious that an Ally which is supplementing the deficits of other Allies in specified services, *e.g.*, cereals, could not consent to the allocation of a 'pool' vessel which would be suitable for such a service to a service not agreed as essential.

(4) A consideration of the detailed working of the A.M.T.C. presses this principle further. The general import requirements of the Allies are being examined by the Imports Committee in connection with the Executives, and must finally be reviewed by the Council. So far as the permanent organisation is concerned, it is the Imports Committee rather than the Tonnage Committee which considers whether the need of one Ally for one import is greater or less than the needs of another Ally for another import. The 'pool' allocations, however, or plan of allocations, must

clearly be dealt with under the Tonnage Committee, but that Committee, while eminently qualified to agree as to the most suitable employment of a vessel is not the appropriate body to consider the relative needs of different imports of different Allies. Moreover, to consider such competing needs (which involve such wide issues and must clearly be examined as a whole) in connection with the allocation of specific vessels would obviously be a procedure likely to involve considerable disagreement and difficulty, and in the end would be futile in view of the much greater bulk of adjusting national tonnage on which the fulfilment of programmes ultimately depend.

(5) It would seem to follow that 'pool' vessels should be used solely for non-controversial services, *i.e.*, put into services which by common consent require more tonnage than the 'pool' vessels will themselves supply.

It would obviously be convenient, in the application of this principle, to choose the services beforehand which satisfy this principle, and the most obvious services are French coal, Italian coal, with return cargoes of ore on the ordinary principles, and Allied cereals. These services between them clearly afford sufficient scope for the economical use of every vessel that will come within the pool and each of these services will necessarily require supplementing by other vessels beyond those which can be obtained by the pool. This supplement will be provided partly by French and Italian national tonnage and partly also as a final adjusting element by the addition of other Allied tonnage. If the pool is to be run in accordance with the principle dictated above, it would appear clear that the adjustments should be made not upon the neutral pool of tonnage, but upon National and Allied tonnage.

(6) If these principles are adopted it will enable the neutral vessels coming into pool to be allocated as between the services mentioned above solely upon the criterion as to which of the services the particular vessel is most suitable for, having regard to her type and position, and without regard to the competing requirements of the several countries and the possible difference of views as to the full extent of the import programme of each commodity in question which must be fulfilled.

(7) With these principles adopted, the management of this small pool of neutral tonnage can proceed straight forward upon ordinary business lines and without involving discussions on particular cases as to the general interests of the different countries which obviously must be discussed and settled in a wider context.

(8) If, however, it proves necessary or desirable to use the small fleet under direct A.M.T.C. control in order to give special assistance to any immediate and urgent work for which the Council may desire to take responsibility, the necessary orders should be given to the Tonnage Committee in the form of a direction to favour particular services with this tonnage to a specified extent so as to avoid any discussion by the Committee of the general imports situation in relation to particular allocations.

DOCUMENT No. 5

ORGANISATION OF THE ALLIED MARITIME TRANSPORT COUNCIL, EXECUTIVE, AND ASSOCIATED ALLIED BODIES

The Council itself consists of the following members :—

The Council.

Lord Robert Cecil, K.C.	.	.	.	}	Great Britain.
Sir Joseph Maclay, Bart.	.	.	.	}	
M. Clementel	.	.	.	}	France.
M. Loucheur	.	.	.	}	
Signor Villa	.	.	.	}	Italy.
Signor Crespi	.	.	.	}	
Hon. R. B. Stevens	.	.	.	}	United States.
Hon. G. Rublee	.	.	.	}	

Signor Villa joined the Council (Signor Salvatore Orlando retiring) in May and the Hon. George Rublee joined in July.

The Council itself only met at long intervals. The current work, including both the ordinary administrative work, and also the task of co-ordinating the policy of the several Governments by detailed communication with the respective Ministers, has been carried on by the Allied Maritime Transport Executive.

PERMANENT ORGANISATION.

The permanent organisation consists of four National Divisions who will be housed together in Lancaster House with the exception of the British Division, the greater part of which must remain in the Ministry of Shipping.

The work of these four National Divisions is co-ordinated by one Main Committee which generally supervises the work of the whole Allied organisation, and three Sub-Committees dealing respectively with Tonnage, Imports, and Statistics, which, subject to the general supervision of the Main Executive Committee, co-ordinate the work of the several Divisions in detail.

1. Main Executive Committee (= the Allied Maritime Transport Executive).

The Main Committee consists of the following heads of the several National Divisions :—

Mr. J. A. Salter (Chairman).

M. Monnet (France).

Professor Attolico (Italy).

Mr. G. Rublee (U.S.A.).

The Main Committee may be generally described as the Executive of the Council. Its general responsibilities are to secure the necessary Executive action to give effect to decisions by the Council, to prepare

information relevant to any question that the Council may desire to consider at any future meeting, to suggest definite proposals for the approval of the Council, and in general to take such Executive action as is desirable and practicable, in pursuance of the general duty of assisting in the allocation and most advantageous use of Allied tonnage by co-operative action.

2. Tonnage Sub-Committee.

M. Revillon (France).
Lieut. Farina (Italy).
Mr. Shearman (U.S.A.).
Mr. Browett (Great Britain).

Functions :—

- (a) To arrange for the due execution of any decision of the Council involving the co-operative use or programming of tonnage.
- (b) To obtain and make available for general use statements showing the amount and disposition of the tonnage under the control of each Ally.
- (c) To examine proposals made by any country with a view to securing a more advantageous use of tonnage under the control of any Ally (whether by the better disposition, routing, or more co-operative use of the tonnage or the better assignment of cargoes in relation to import programmes), and so far as possible to arrange that agreed improvements shall be carried into effect.
- (d) To report to the Main Committee as to the due performance of the above duties.

3. Imports Sub-Committee.

M. Halgouet (France).
Professor Attolico (Italy).
Mr. Morrow (U.S.A.).
Mr. G. M. Booth (Great Britain).

Functions :—

- (a) To arrange for the due execution of any decision of the Council as to import programmes, by communication as may be necessary with the respective Executives or through the National Divisions with the respective Governments.
- (b) To obtain (whether through the Executives or otherwise) and make available for general use statements showing in detail the import requirements (with sources of origin, &c.) of the different countries, with such further information as may be desirable in order to show the relative necessity of the different requirements.
- (c) To examine the import programmes as so obtained, whether through the Executives or otherwise, and to ascertain in what

directions reductions can be made most equitably as between the different countries and with least injury to the prosecution of the war.

- (d) To report to the Main Committee as to the due performance of the above duties.

4. Statistical Sub-Committee.

M. Seitert (France).
 Signor Pardo (Italy).
 Mr. J. A. Field (U.S.A.).
 Mr. Palin Elderton (Great Britain).

Functions :—

- (a) To propose appropriate and uniform methods for collecting and investigating data bearing on the work of the Allied Maritime Transport Council.
- (b) To examine and pass all data and statistical conclusions based thereon.
- (c) To keep record of all actions under (a) and (b).
- (d) To arrange for records to be kept showing the extent to which any decisions of the Council as to allocation of tonnage or rearrangement of supplies are being complied with, and for that purpose to consider statistical principles which are to form the basis of such a record.
- (e) For the due performance of the above duties, the Sub-Committee will keep constantly in contact with the Tonnage and Imports Sub-Committees, and provide such statistical information and assistance as those Sub-Committees may require ; and will report to the Main Committee.

‘ *Non-National* ’ Secretariat. (Secretary, Mr. J. F. Henderson.)

Members of this Secretariat are of different nationalities, but on entering the Secretariat divest themselves of any national point of view. The duty of the Secretariat is to give executive and administrative effect to the policy decided upon by the Council and by the International Committees. This Secretariat has included Mr. Davis as head of the Statistical Section and M. Simon for munitions requirements.

Shipping Intelligence Section. (Mr. G. V. Howell, O.B.E.)

The Shipping Intelligence Section, which has been transferred from the Ministry of Shipping, keeps a continuous record of the position and employment of all ocean-going vessels of every nationality.

Associated Allied Bodies.—Programme Committees.

Programme Committees have been established to cover almost the

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whole range of imported commodities, separate Committees being formed for—

- (1) Wool.
- (2) Cotton.
- (3) Flax, Hemp, and Jute.
- (4) Hides and Leather.
- (5) Tobacco.
- (6) Paper.
- (7) Timber.
- (8) Petroleum.
- (9) Coal and Coke.

In addition, a Food Council has been established co-ordinating the work of Executives or Committees for—

- (10) Cereals.
- (11) Oil Seeds.
- (12) Sugar.
- (13) Meats and Fats.

and a Munitions Council with Sub-Committees for—

- (14) Nitrates.
- (15) Aircraft.
- (16) Chemicals.
- (17) Explosives.
- (18) Non-Ferrous Metals.
- (19) Mechanical Transport.
- (20) Steel.

DOCUMENTS Nos. 6 AND 7

The two following documents illustrate the functions of the Programme Committees, the current method of working of the Executive in relation to them.

No. 6 gives working rules issued to the Committees in May.

No. 7 consists of correspondence between the Executive and the Food Council with regard to the Food Programme for the Fifth Year.

DOCUMENT No. 6

DEVELOPMENT OF PROGRAMME COMMITTEES

Copy of Memorandum issued on May 25, 1918, by Allied Maritime Transport Council Executive.

At the Paris Conference of December last the question of Allied imports and tonnage was considered, and with a view to making the most advantageous use of the available shipping it was agreed by the Allies that

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‘America, France, Italy and Great Britain will all tabulate and make available to each other a statement showing in detail and as nearly as possible in the same form each class of requirements for which tonnage is needed, and secondly the tonnage available and likely to be available through new building, &c. These requirements having been classified (showing the source of supply, &c.) and having been adjusted—(a) to secure a reasonably uniform standard of adequacy both as between classes of commodities and as between countries, and (b) to bring the total within the carrying capacity of the Allies as a whole, will form the basis on which the general allocation of tonnage will be determined.’

As a result of decisions taken at that Conference the Allied Maritime Transport Council was formed, consisting of Ministers from each of the three chief European Allies with a delegate from America, and was charged with the duty of examining the use of all tonnage under Allied control with a view to allotting it to the services most essential to the prosecution of the war. The Council's powers are limited to making recommendations for action to the respective Governments, who retain final control over the movements of their own ships.

As there is a general shortage of shipping when set against import requirements, it was realised that the Council's recommendations would necessarily involve decisions not only (a) on the relative importance of the various import requirements, but also (b) on the relative needs of the several Allies for a particular commodity. It was therefore further decided at Paris, for the purpose of obtaining the best opinion as to the total amount required of a particular commodity, and as to its distribution among the Allies, that Allied bodies (Programme Committees) should be formed for the different main requirements (food, munition, raw materials, &c.) on the model of the Wheat Executive, America being associated with these bodies. It was contemplated that the formation of expert Allied bodies of this nature would greatly simplify the work of allotting tonnage, as considered programmes for each article would be rendered available, and that where the total of all the programmes exceeded the carrying capacity, the A.M.T.C. would be able to discuss possible reductions of programmes with the Committees before proceeding to make recommendations to the Allied Governments as to what reduction must be made.

It may be conveniently stated here that the A.M.T.C. will work in close co-operation with the Inter-Ally Council on War Purchase and Finance, documents being interchanged between the two Councils, and that it is understood that the latter Council are strongly in favour of the appointment of Programme Committees to assist them in their task of considering imports in relation to finance.

At their last session in Paris on April 23rd to 25th, the A.M.T.C. adopted a statement as to the general tonnage and import position for 1918, showing that the import programmes of the three European Allies for 1918 exceeds the carrying capacity available by some 8½ million tons.

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It is, therefore, urgently necessary that these import programmes should be revised and reduced. Except in the case of cereals, meats and fats, and nitrates, the demands of each Ally for a particular commodity have not been criticised by a joint Allied body dealing with that commodity. The Council accordingly felt that it was imperative for the Allied Governments to proceed at once with the formation of joint expert bodies which should investigate the demands for commodities other than cereals and nitrates. . . .

The associated Governments are anxious that the Programme Committees should be instituted and commence their effective work at the earliest possible date.

From the point of view of the A.M.T.C. the work which it is hoped the Programme Committees will undertake may be provisionally described as follows :—

- (i) To obtain such information as is necessary to determine the requirements of each Allied country for the commodity or class of commodities with which the Programme Committee is concerned, including past consumption and stocks.
- (ii) To secure effective Allied criticism of the requirements so that the programme distributes the sacrifice entailed by any necessary shortage as equally as possible between the different countries, and in such a way as to be least injurious to the prosecution of the War.
- (iii) To prepare a programme for such period or periods, and on such a basis as the Council may desire, the programmes of all being as nearly as possible comparable and uniform, and also being so designed as to enable them to be readily adjusted to tonnage calculations in view of the varying strain imposed upon tonnage according as the country of shipment is near or distant. (Appropriate forms are being circulated by the A.M.T.C.)
- (iv) To forward the programmes so prepared to the Council with all such supplementary information as to stocks, &c., as will facilitate a decision between the competing claims of classes of imports for tonnage.

(As regards the competing claims of different countries for their share of a given commodity it is desirable that in every possible case the Programme Committee should agree upon the distribution without appeals to the Council, the Council's main consideration being, *e.g.*, the competing claims of cereals and munitions, not the competing claims of France and Great Britain for cereals.)

- (v) To discuss possible reductions of programme with the Council and its permanent organisation when forecasts of available tonnage show a deficiency as compared with the total of all programmes. The present position being that a reduction of imports is inevitable,

it is proposed, as soon as the total requirements of the Programme Committees have been examined afresh in relation to the tonnage expected to be available during the rest of this year, to make a provisional plan for reduction which will bring the total imports within the capacity of the tonnage, and to ask the several Programme Committees what redistribution they would make among the Allies on the assumption of such a reduction and what would be the position of each country as a result, having regard to its stocks, &c.

25th May 1918.

DOCUMENT No. 7

FOOD PROGRAMMES

- *Correspondence between Allied Maritime Transport Council and Food Council.*

(a) LETTER FROM TRANSPORT COUNCIL TO FOOD COUNCIL.

30th July 1918.

I am directed by the Allied Maritime Transport Council to forward to you herewith, for the information of the Food Council, the following observations as to the tonnage position in relation to the Food Programmes which are now under consideration. . . .

I am to state generally with regard to the tonnage position that while it is true that world building has now reached world losses, this fact is due to the large excess of American building over American losses, and the American excess thus resulting is not available for general European imports in view of the needs of the American army. Taking the building of the rest of the world against the losses of the rest of the world, which for the above reason offers the more reliable index of the tonnage available for the European Allies, I am to point out that there is still each month a serious excess of losses over building, the excess of such losses amounting in the first six months of this year to 1½ million tons dead weight.

Apart from this very general statement of the tonnage position, a simple criterion is afforded as to the value of effecting any given saving in tonnage, as against a loss from other points of view, by the fact that America can send, and the Military Authorities desire, more American Troops in France than the available and prospective tonnage is adequate to transport and supply. It follows, therefore, that any saving in tonnage directly increases the number of American Troops in France, and it may be stated with approximate accuracy that each 5,000 tons of imports saved means that a further 1,000 American soldiers can be supplied, and therefore sent to France, than would otherwise be possible.

If, therefore, the Food Council has at any time under consideration

two alternative courses, one of which offers certain advantages from the point of view of finance, or the comfort of the civilian populations, while the other offers the prospect of saving tonnage, it will be possible to measure the cost to the Allied cause of taking the first course by reckoning that for each extra 5,000 tons of imports involved in it there must be a reduction in the number of American soldiers in France by 1,000.

The Food Council now has the great advantage of knowing precisely what has been the consumption in each country of each important food commodity during the past year. In view of the continued shortage of tonnage, and the special reason indicated above for economising to the utmost possible extent, I am to express the hope that the Council will find it possible to take the record of total actual consumption during this last cereal year as setting the maximum limit to the proposed programme for the ensuing year. This does not, of course, necessarily mean that there would be no increase in any particular commodity, but that if such an increase is necessary it should be used to relieve the requirement for some other commodity as compared with last year's consumption. The application of this principle would of course mean the continuance of imports on the basis of last year, subject to a reduction or increase where there has been any improvement or reduction in home production, and with such further adjustments in relation to stocks as are required to keep these above, but not unnecessarily above, the point of danger.

Apart from reducing total requirements for food in the different countries to a minimum, the Council will also doubtless have in mind the necessity of arranging programmes in such a way as to involve the smallest strain upon tonnage, whether by drawing supplies from the nearest source or by obtaining them in such a form as to involve least bulk and weight in relation to food value.

It will of course be realised that this letter is only intended to give a very general indication of the tonnage position and of certain principles which are being suggested to all the various bodies now considering programmes of Allied imports. It is now addressed to you in the hope that the consideration of the food programmes from the commencement in the light of the above suggestions may reduce and facilitate the work of subsequent re-adjustment of programmes between the Transport Council and the Food Council in relation to the total tonnage available and the demands upon it from all other sources.

(b) RESOLUTION OF FOOD COUNCIL COMMUNICATED TO
TRANSPORT COUNCIL.

Resolution.

31st July 1918.

The letter of the Allied Maritime Transport Council of to-day having been laid before the Food Council, the Council wishes to state that while it agrees with the absolute necessity of minimum use of tonnage, and has

in itself been created for this purpose, yet the basis of calculation of imports to England, France, and Italy upon the foundation of last year's imports, less increase of production, simply means a repetition of the food difficulties of last year. We wish to state emphatically that the morale of the people will be most seriously endangered by such a basis of imports. The Food Council puts forward as a more constructive basis the employment of the same ship ton mileage during the coming year.

30th July 1918.

(c) LETTER FROM TRANSPORT COUNCIL TO FOOD COUNCIL.

5th August.

I am directed by the Allied Maritime Transport Council to acknowledge the receipt of your letter of the 31st July conveying a copy of a resolution passed by the Food Council on July 30th with reference to the Transport Council's letter of the same date.

The Transport Council much regret that the Food Council express dissent from the suggestion that, in the framing of the food programmes for the ensuing year, the total consumption during the past year should be taken as setting the maximum limit, *i.e.*, that the imports should be not greater than what is required in combination with home production, to allow consumption in total on the same scale as during the last year (with such variations as may be desirable as between different commodities or countries) and to keep stocks above, though not unnecessarily above, the point of danger.

The Transport Council feel bound to repeat their opinion that in view of the tonnage position this is a reasonable principle to adopt in framing the food programmes, and think it may be convenient to the Food Council to state, at this early stage, that they can offer no prospect whatever of being able to arrange tonnage upon the principle suggested by the Food Council.

I am to observe that—

(1) The application of the principle suggested by the Transport Council would not involve the repetition of such difficulties as arose last year from any local or general depletion of stock rendering distribution impracticable.

The principle suggested is that imports should be such as not to allow for actual *consumption* on a bigger scale. (It will be observed that the principle as defined in the Transport Council's letter differs in this respect from the reference to it in the Food Council's resolution.) It is not of course the wish of the Transport Council that stocks should be reduced to such a point as to cause actual privation of some of the necessities of life in certain areas.

(2) The general tonnage position has been indicated generally in the Council's previous letter. In a shipping position rendered

more difficult by the large net losses of tonnage available for European service and by the effect of the American Army programme, the one substantial factor of relief was the better harvests in the three European Allied countries and in the nearest source of America. If the principle of the Food Council were accepted this one factor of relief would operate solely to the advantage of food and would not only mean that no assistance would be given in supplying the American Army, but that the imports of the European Allies other than food would in addition be reduced in correspondence with the net losses of European tonnage. This is, in the opinion of the Transport Council, a situation which it is impossible to contemplate.

In the above circumstances the Transport Council will not feel justified in asking the military and munitions authorities to reduce their demands upon tonnage (with a consequent reduction of the numbers of American soldiers available for next year's campaign) in order that such tonnage may be allocated to food as to enable and encourage consumption upon a more generous scale than during the past year.

DOCUMENTS Nos. 8-16

No. 8 criticizes the programme of the Food Council for 1918-19, see pp. 308-10.

No. 9 is the report of the Executive prepared for the fourth meeting of the Council. This document illustrates more clearly than any other formal document the method of working of the Council and Executive at their period of fullest development. It includes a review of the shipping and supply position for the fifth year and is perhaps the most important document here reproduced, see pp. 204-10.

No. 10 gives the shipping position of the Allies at the beginning of the final period of the war.

No. 11 gives proposals of Transport Executive and members of the Programme Committee of the Food Council, designed to secure the immediate use of the German tonnage by provisions in the Armistice, see p. 219.

Nos. 12 and 13 describe the allied organization at the time of the Armistice.

No. 14 states the proposals made by the British Government to the other Allied Governments with regard to the continuance of the Transport Council in the form of a General Economic Council for the Armistice period.

No. 15 is a note written in Dec. 1918 summarizing the shipping position after the Armistice.

No. 16 gives the tonnage agreement with France of the 22nd January 1919, in which the allocation of tonnage was placed on a financial instead of a 'programme' basis, see pp. 332-3.

DOCUMENT No. 8

CRITICISM OF PROGRAMME OF FOOD COUNCIL
FOR YEAR 1918-19

1. The programme shows a total requested increase of about $4\frac{1}{2}$ million tons on the actual importation figures for the Cereal Year 1917-18.

2. It is understood that the following statement was made by the different countries as to the cereal crops this year compared with last year :

<i>Increases.</i>					
					Tons.
U.K.	.	.	.	.	950,000
France	.	.	.	.	453,000
Italy	.	.	.	.	509,000
Total	.	.	.	.	1,912,000

{ for the three
countries.

In the case of the U.K., however, it was indicated that failure in other crops made the total harvests of only about the same feeding value as last year.

3. These statements of the harvests are much less favourable than previous indications of the prospects, and estimates at this date are necessarily only provisional. Even as the estimates stand, however, it is to be noted that the increased importation of $4\frac{1}{2}$ million tons is made in conjunction with large admitted increases in the cereal harvests.

4. The great increase of nearly $1\frac{1}{4}$ million tons in military oats clearly requires investigation, as it is not known that the British and French armies or their horses are likely to increase. The Food Council have been asked to investigate this, and it is, of course, important that the Transport Council should know whether allowance is made for any supplies to the American Army directly or indirectly.

5. The Memorandum accompanying the Programme indicates an intention to deal with any deficit on the full programme by dividing that programme over each country into a Priority and a Balance Importation. The Priority is as follows :—

U.K.	France.	Italy.	Total.
10.54	4.22	3.74	18.5

this priority excluding Military Oats.

6. This means in effect that if the scheme is accepted and the respective

Governments agree to allot tonnage in accordance with it, the importations would be constantly kept as nearly as possible in accordance with the above ratios. The remainder of the Programme is divided as follows:—

U.K.	France.	Italy.
4.63	2.72	1.17

these different ratios being worked to the extent, if any, to which importations exceed the priority quantities.

7. It is quite clear that the application of the principle of the Allied Maritime Transport Council (*viz.*, that importations should not be more than at the *maximum* such as to enable consumption during the ensuing year to be on the same scale as during the past year) would not admit within several millions of tons of the importations requested in the full programme. Whether or not it would give importations equal to the priority figures depends upon the actual realization of harvests in the different countries, and home meat, &c.

8. It is clearly impossible for the Transport Council to guarantee any absolute quantity of importations in the absence of further information as to the harvests and (still more important) as to the requirements of the American Army. On the other hand, it is understood to be essential that the Food Council should have some immediate indication of their probable imports, as important and urgent executive action (such as regulations as to milling extraction, decisions as to the amount of feeding stuffs to be provided to the farmers and, therefore, as to the policy of slaughtering cattle, and also as to the method and extent of rationing) has to be taken at once.

9. In these circumstances it is suggested that the Council should recommend that the programme should be commenced on a purely provisional basis and [subject to adjustment in the light of harvests and other competing demands for tonnage] on the basis of the quantities covered by the priority figures [a definite warning being given to the Food Council that while no quantities can be guaranteed the Council is not able to see any prospect of arranging importations on a more liberal scale than the above].

10. A supplementary statement as to American Food Imports is included in the attached papers, but there is no arrangement in the Food Council's general scheme for an American priority on the same basis as that specified for the European Allies, and with the same implication that it is not to be exceeded unless the other priorities are also exceeded. The Transport Council will doubtless consider it of importance that the American import programme should be worked into the general programme on the same basis as the others.

11. In present circumstances it must be clearly realised that the acceptance of the priority system as a basis for the allocation of ships must involve the diversion of British ships to supplement deficient importations into France and Italy.

12. It is understood that in view of paragraph 11 the acceptance of the principle as a working basis by the British Government would in any case be on the understanding that—

- (a) the arrangement must be regarded as provisional and voluntary and subject to cancellation if necessary ;
- (b) that a satisfactory agreement is arrived at as between the different Allies as to their putting a specified quantity of tonnage into the Food Programme and/or carrying defined quantities of food in their own ships ; and
- (c) that the continuance of the arrangement will necessarily be subject to the inclusion of America on equal terms at an early date.

13. If the above policy is recommended by the Transport Council and accepted by the different Governments, arrangements are at once necessary to give executive effect to the new policy. In effect, this policy means the extension of the arrangements which have been in force as regards the importations of cereals to all Food within the priority figures.

14. The administrative arrangements of the Transport Council to give effect to the above policy must necessarily depend to some extent upon the Food Council's organisation. If, as presumed, the Food Council arranges for the machinery to follow the lines already adopted for cereals, the demands for tonnage for all Foodstuffs would be centralized through a Freight Committee of the Food Representatives' Committee.

15. Within the Transport Council's organisation the Tonnage Committee would be primarily responsible for insuring the executing of paragraph 12 (b). It should include Executive Officers with authority, on behalf of the respective Governments, to give or reserve assent to any proposed diversion of national tonnage, and to make consequent arrangements with the Freight Committee.

16. The above arrangements being made, the Shipping Department of the Food organisation would deal on executive questions of detail with the actual Shipping authorities of the four countries resident in London as to the execution of their several parts of the common plan.

August 27th, 1918.

DOCUMENT No. 9 (see p. 204)

ALLOCATION OF TONNAGE IN THE CEREAL YEAR 1918-19

I.—GENERAL NOTE.

The Council will require to consider at the session commencing on September 30th the main policy which is to govern the allocation of tonnage in the Cereal Year 1918-19. This will involve the consideration of—

- (a) The programme for the American Army.
- (b) Food Imports.
- (c) Munitions Imports.
- (d) Imports of Raw Materials, &c.

II.—STATISTICAL ESTIMATE OF CARRYING CAPACITY.

The policy to be adopted in determining the limits of the different programmes of importations must necessarily be based upon the best possible estimate of the carrying power of the available tonnage.

The Statistical Departments of the four countries associated with the Allied Maritime Transport Council have been engaged in a careful investigation, and have agreed upon an estimate of the position.

Actual experience may always, of course, be either better or worse than any estimate however carefully made. An estimate of this kind results from the consideration of a vast number of complex factors on any one of which any single person may take a more or less favourable view, but such factors tend to cancel out.

The estimate, as presented, represents the unanimous view of the professional experts of all the four countries, and as such the Executive consider that it must clearly be accepted as the best, and, indeed, only possible, basis on which to consider policy. It is necessary to emphasise the character of the estimate, and the international authority behind it, because of the nature of the situation which it discloses. The substance of the estimate may be briefly summarised as follows :—

After allowing for the requirements of the Fleets and of the several existing military expeditions, the maintenance of bunker supplies, the minimum requirements of Colonies, such definite obligations as Belgian Relief, the conveyance of coal to Norway in return for tonnage (which must be regarded at least in the first instance as irreducible demands upon shipping), it is estimated that the total imports (excluding mineral oils other than lubricating oil, but including military oats and military food shipped direct to the forces) which may be brought into the three European Allied countries (on the assumption that the allocation of tonnage as between America and the European Allies remains as at present), amounts to—

72.5 million tons	{	For Coal „ Raw Materials „ Food „ Munitions	}	for the three European Allies,
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including 25.2 million tons of coal for France and Italy, certain commodities mainly conveyed in tonnage not transferable to other imports, viz., 3½ million tons of timber and paper and 7½ million tons of ore, 1¼ million tons of sundry foodstuffs, and ½ a million tons of sundry raw materials.

From the point of view of the Transport Council the problem can be conveniently narrowed by the immediate exclusion of coal on the basis of accepting the above figures. The Council has agreed that the supply of coal to Italy cannot be reduced below the minimum figure of 600,000 tons

a month, and any variation in the French provisional figure would have a comparatively small effect on other imports. This leaves—

47·3 million tons $\left\{ \begin{array}{l} \text{For Raw Materials} \\ \text{,, Food} \\ \text{,, Munitions} \end{array} \right\}$ for the three European Allies,

including military oats and the above-named non-transferable imports. It is on the basis of this figure that policy requires to be determined.

III.—NOTE ON FUTURE TONNAGE POSITION.

On the best view that can be formed the whole Allied tonnage position will be very substantially improved by the summer of 1919. By that date America's building on the estimate of Secretary Baker and General Hines should amount to twice the present rate and be still increasing. This factor is of the first importance in considering the policy of allocation throughout this cereal year, as it should enable stocks of all kinds to be run down to a point which would otherwise be unjustifiable.

IV.—RAW MATERIALS.

It is neither practicable nor necessary for the Council to consider in detail at this session the Import Programmes of the different raw materials. The programmes and relevant information are not sufficiently complete for the purpose. Moreover the possible variation in the imports is not so great as to affect very substantially the major decisions as to allocation between Food, Munitions, and American Supplies. $3\frac{1}{2}$ million tons of timber and paper and half a million tons of sundry raw materials may be at once set aside because, as indicated in the statistical estimate, they are brought in tonnage not transferable to other imports. The other main commodities under this category are Wool, Cotton, Flax, Hemp, and Jute, Leather, and Tobacco. The Council at the last session decided that until further order actual recorded consumption of raw materials during the past year should be taken as setting the maximum limit for imports for the ensuing year. No substantial reduction upon the imports implied by this principle is practicable. In view of the extent to which the raw materials in question are used for military as well as civilian purposes at least a further $3\frac{1}{2}$ million tons (to include various miscellaneous commodities) must be allowed, making the total of this category 7·5 million. In any case the variation from this figure would not be of the first importance.

This would leave—

39·8 million tons $\left\{ \begin{array}{l} \text{For Food} \\ \text{,, Munitions} \end{array} \right\}$ for the three European Allies.

V.—FOOD IMPORTS.

The general position remains as stated in the memorandum circulated to the Council at the last session which the Executive ask to be read in conjunction with this memorandum. The Council decided that the

programme was to be commenced on the purely provisional basis of the quantities covered by the priority figures (18·5 million tons excluding military oats), on the understanding that the figures would be reconsidered as soon as full information was available. As far as military oats are concerned, the old programme of importation was to continue until the matter has been further considered.

No information of importance has been received affecting the amount of the harvests, nor has the Food Council concluded its investigation into the question of military oats.

The Executive, however, desire to call attention to the following main facts of the position :

- (a) The total importations in the past year, including military oats, amounted to $22\frac{1}{2}$ million tons, or $20\frac{1}{4}$ million tons excluding military oats.
- (b) The provisional estimates of cereal harvests give increases amounting to 1,912,000 tons for the three countries, though in the case of the United Kingdom it was indicated that there had been a comparative failure in other crops.
- (c) In one important respect the food position is more favourable than last year. At the critical period of that year there was a shortage of wheat in North America. This year there will be a large exportable surplus ready for immediate shipment if emergency arises, and a very large volume of tonnage in the Atlantic capable of being rapidly used for cereal transport in case of absolute necessity.
- (d) The general principle adopted by the Council has been that importations this year should not be more than at the most to enable consumption to be on the same scale as during the past year.

If it proved possible to limit all articles in the food programme, including military oats, such oilseeds, &c., as are used for other than food purposes, plus any foodstuffs as come in without regulation and outside the programme, to, say, 22 million tons, this would leave—

17·8 million tons $\left\{ \begin{array}{l} \text{both for European munitions and} \\ \text{any supplied by Europe to America.} \end{array} \right.$

VI.—MUNITION IMPORTS.

The postponement of the Munitions Council until 28th September has unfortunately prevented the preparation by the munitions authorities, and consideration by the Transport Executive, of the full munitions programme, and it is not possible, therefore, to state how serious the deficit in that programme will be. It is, however, understood that the total programme (including phosphate rock and provision for the supply to the American forces of French and British artillery and ammunition) will amount to about 22 million tons.

This leaves a provisional deficit of—

4·2 million tons	{	allowing for provision of artillery and munitions to America but not for further direct allocation of tonnage.
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VII.—SUPPLY PROGRAMME FOR AMERICAN ARMY.

The enlarged American troop movement recommended by the Supreme War Council and approved by the President of the United States would require for supply tonnage (according to estimates submitted by Secretary Baker and General Hines) a supplement to American tonnage amounting to 1,200,000 tons from August 1918, reducing month by month to 200,000 tons in February 1919, and then ending.

This amount of tonnage would transport about 2,000,000 tons d.w. of cargo, and its allocation to the supply programme of the American army would, therefore, involve a further reduction of about that quantity of imports to the European Allies.

The estimate is based upon—

- (a) An allowance of 30 lb. a day per man of stores from the United States, and
- (b) 250,000 tons a month in addition for constructional material.

It allows for the absorption of American new building in the Army Programme, and also for the withdrawal of a considerable amount of tonnage for the same purpose from other American services.

The Executive would desire to make the following observations :

- (a) The 30 lb. a day per man is necessarily a rough estimate. It is in addition to commodities, *e. g.*, coal, forage, or timber obtained from the United Kingdom or France.
- (b) On the other hand no allowance appears to have been definitely calculated for the conveyance of horses, which is an important factor.
- (c) It is observed that the calculations allowed for bunkering for the round voyage in America. This, though now necessary in view of the reduced production of coal in the United Kingdom, means a great waste of cargo-carrying capacity.
- (d) While the estimate is incomplete for the above reasons the net conclusion does not appear to give an excessive estimate of the requirements of the American Army raised to 80 Divisions by July 1919.
- (e) It is understood that the Munitions Council is now considering large supplies of artillery of France and Britain to America. These arrangements, if concluded, would increase the import requirements of France and Great Britain and correspondingly relieve the requirements of America for transport from the U.S.A.

For the above reasons the Executive do not consider that it is

possible to deal with the Programme as a whole, but that consideration must be confined to the immediate future.

It does, however, appear clear that whatever be the case for a further period the American Government have a serious need for more tonnage than is now at their disposal during the next few months, especially during October and November.

- (f) Arrangements have been made to provide Allied tonnage to the extent of 200,000 tons for loading in September and October with a further increase up to, say, 50,000 tons if the allocation of further tankers enables the use of double bottoms for oil fuel to be discontinued. It should be noted that the provision of this tonnage, unless replaced within the cereal year, would diminish *pro tanto* the amount of importation allowed for in the earlier part of this memorandum.
- (g) The estimate which shows a deficit of American tonnage to the end of February shows a surplus from March onwards which amounts to over three-quarters of a million tons by July and should increase continually afterwards.
- (h) It is impossible to state the exact way in which Allied tonnage should be distributed so as to give maximum assistance to the war efforts between American Army Supplies, American Import Services, European Army Supplies and European Import Services except after a detailed examination of each service one by one by the Allies as a whole. This, of course, is precisely the purpose for which the Allied Maritime Transport Council and the associated Allied machinery, and the Food Council and Munitions Council, and the Programme Committees were formed.

VIII.—RECOMMENDATIONS.

In view of the general position indicated above, the Executive make the following recommendations :

Munitions in Winter : Food afterwards.

(1) *That during the later Autumn and Winter a general preference shall be given to the transport of munitions and Army supplies as compared with food.*

(2) *That, when necessary, but as late as possible without running undue risk of actual shortage of food, a similar preference shall be given to the transport of food in the spring or early summer.*

These recommendations are made in view of the fact that, during the winter, stocks will be relatively high, as the harvests will not have been consumed, whereas shipments of munitions and Army supplies are required at that period, in order to assist the fighting in the spring and summer.

It is recognized that the extent to which the suggested policy can be applied will be limited by a number of traffic and practical considerations ;

e. g., the congestion that might arise from stoppage of wheat exports from U.S.A. and the importance of using the St. Lawrence Ports while they are still open.

Reduction of Stocks.

(3) *That in view of the prospect of substantial improvement in the whole Allied tonnage position by next summer, and in order to avoid reducing the shipment of essential commodities required for actual consumption during the year up to August (particularly Munitions), all Supply Departments should be asked to effect a reduction of stocks until they approximate, towards the end of August, to the quantities required for actual distribution.*

The most important commodities to which this principle will apply are nitrates, cereals, sugar, and oil seeds. Its application should be easier because of—

- (a) The increasing production of nitrates in France and the United Kingdom, and
- (b) The existence of a large stock of wheat in the near source of North America ready for immediate export if a crisis occurs, and a great volume of tonnage in the North Atlantic capable of being used if necessary for emergency shipments, the position in 1918 being in these respects much more favourable than last year, and enabling a reduction of stocks in Europe to be made with much less risk.

In pursuing this policy the Supply Departments can do so with the prospect of—

- (a) Having emergency shipments of cereals in the spring if necessary, even at the cost of reduced embarkation of American troops at that date.
- (b) Increased shipments of sugar in the summer and autumn and thereafter adequate shipments of cereals.

Raw Materials.

(4) *That the principle provisionally approved at the last session for raw materials, viz., that actual recorded consumption of last year should be taken as setting the maximum limit for programmes for the ensuing year, should continue to be applied.*

Food.

(5) *That 18·5 million tons of importations of all articles included in the Food Programme, except Military oats, should be confirmed as the figure for the year.*

In recommending this figure the Executive have before them from the Food Council the definite statement of the British Representatives that, on their present estimates, which allow for a substantial increase in the slaughtering of cattle and pigs and for the restriction of imported foodstuffs to the needs of the dairy herds, the present British proportion of the 18·5, viz., 10·5, will not prove a possible figure.

Recognising the possibility that the policy recommended (viz., working

on the basis of 18·5 and shipping less than the proportion of that quantity during the earlier months) may result in a really serious food position later in the cereal year, the Executive recommend—

(6) *That if the food position at the end of the winter or later shows such a course to be necessary in order to avoid food shortage, food shipments shall have priority in excess of the proportion due on the 18·5 basis at the expense of tonnage allotted to other services.*

(7) *That the importation of military oats should still be continued provisionally on the basis of the old programme pending a full report of the whole situation.*

(8) *That for the purpose of considering the tonnage available for other services the total importations of food (and all other articles included in the Food Programme), including all miscellaneous foodstuffs and military oats, should be provisionally estimated at 22 million tons.*

Munitions.

(9) *That in estimating what is available for the European Munitions imports it should be provisionally assumed that any tonnage assistance rendered to America, whether by the allocation of ships or the supply of artillery, will be returned within the cereal year, thus leaving 17·8¹ million tons for European munitions, including ore, pyrites, phosphate rock, railway material, and lubricating oil, but that it should be recognised that this requires reconsideration after examination of the munitions programme, and in particular of the arrangements there proposed for supplies to the American forces.*

Coal.

(10) *That the strongest recommendations should be made to the British Government as to the immense importance to the entire Allied supply position of increasing the production of coal.*

It should be pointed out that the importation of coal from America, which has been suggested for the American Army in France, and even its importation in the form of double bunkering of vessels, is extremely wasteful. The conveyance of 5,000 tons of coal from America involves the shutting out of 5,000 tons of other stores and (supply tonnage being the limiting factor to the American Military Programme) this involves the loss of 1,000 American soldiers in France. As against this, 5,000 tons of coal can be produced in a year by 20 men. Some allowance must, of course, be made for the tonnage required for conveyance of coal from the United Kingdom to France, but the advantage of supplying coal from the United Kingdom remains very great.

American Army Supply.

(11) *That the action taken in the allocation of 200,000 tons of shipping (with increases to 250,000 tons if double-bottom shipments are discontinued)*

¹ In view of later information from the Munitions Council showing that the programme of importations of nitrates from the distant source of Chile is to be reduced, it is considered that the figure 17·8 can be raised to 18.

in September and October be confirmed, and that the Executive be instructed to endeavour to arrange to increase the allocation to a total of about 500,000 tons up to the end of the year in addition to any space which can be made available by the release of double bottoms.

American Co-operation.

(12) *That these arrangements be subject to adequate assurances from America as to co-operation with the Allies through the Allied Maritime Transport Council.*

The European Allies desire to make it clear that the reduction in their tonnage threatens them with the definite prospect of a shortage of munition supplies, and of food in the latter part of the cereal year. The shortage will be rendered more serious and will be felt earlier if tonnage is now allotted by them for the American Army service. In practice tonnage can now only be so allotted by leaving behind breadstuffs in America, and a shortage of bread, apart from sufficient assistance by America later, appears inevitable. The European Allies, therefore cannot take the responsibility of diverting tonnage from food supplies without adequate assurance for the future. At the same time, looking at the Allied position as a whole, it appears right that during the winter (when the recent harvests are still in hand) a preference should be given in the allocation of tonnage to the conveyance of army supplies and munitions which must be brought in now if they are to help the fighting of the early summer. It follows that a similar preference must, as and when it proves necessary, be given later in the year to food. The European Allies are anxious to consider America's problem as their own on the basis of full and equal partnership, and on this basis are now allotting tonnage for the American Army service. This can only safely be done if America will similarly identify herself with the European Allies and regard their problem also as her own. This means in practice identifying herself with the Allied machinery of the Allied Maritime Transport Council and the associated Allied bodies, with the definite intention of having her programmes of imports and her services requiring tonnage tabled for joint Allied consideration with those of France, Italy, and Great Britain, and of making her tonnage with that of the three European Allies available to meet the most important needs of any of the four countries.

The executive control of her ships would of course be reserved for America as for the other countries. But what is desired is that America, like Great Britain, should (subject to the reservation of that ultimate right) co-operate in the general Allied machinery with the definite intention of making her ships, like the others, available where it is agreed that the need is from time to time the greatest.

In order that the Allied co-operation may be effective it is necessary that the representatives of the several countries on the different Programme Committees should—

- (a) produce their full programmes ;
- (b) be fully informed of their Governments' policy and be able to discuss the programme in relation to the other programmes, and within reasonable limits assigned by their Governments, assent to modifications of the programme ;
- (c) that so far as any Government feel bound to take a different view as to their own requirements in relation to those of the other Allies, they should normally express that dissent through their representatives on the Committees and not, except in extreme cases, by dissenting later from a recommendation of the Committee to which their representatives had assented ;
- (d) that in any case each Government should only make their final decision after careful consideration of the report of the Programme Committees and of their representatives on them ; and
- (e) that, subject to such dissent and to the ultimate executive power over their own ships, each country should definitely declare their intention of arranging the allocation of their vessels in accordance with the general programmes of the four countries as a whole, as and so far as they may be agreed by the different representatives.

The European Allies feel that from every point of view the full acceptance of such a principle and method of co-operation by America, based upon the needs of the four countries as they develop, is a more satisfactory assurance for the future than an arrangement in the nature of a bargain based upon the extent of the assistance now given. They feel bound, however, in reviewing the ensuing cereal year as a whole, to state that they have not been able to effect a reduction in their own programmes below the total importations which can be conveyed on present estimates in the tonnage now under their control. That is, in arranging the immediate allocation of tonnage to America or the provision of such commodities as artillery and munitions which necessitate importation, the European Allies are doing so in the belief that the application of the above principles will be likely to result in approximately as great an allocation of tonnage assistance to Europe later in the cereal year. Later it is of course hoped that the prospective improvement in the general Allied tonnage position, resulting from the large increase in American building, will, under the operation of the above principles, enable the Allied supplies generally to be raised above the dangerous level to which they must necessarily be kept down for the present.

American Trooping Programme.

(18) That the Council should not recommend at this moment any reduction in the embarkation of American soldiers in spite of the grave conditions of the import programmes as indicated above, but should be prepared to recommend such a reduction, if necessary, in the embarkations of next year in order

to meet any crisis that may arise in the imports of food or other supplies at the time.

Public Statement of Position.

(14) That in view of the severe sacrifices that must in any event be entailed if the American military programme is continued a full statement of the position should be issued in the name of the Council and through the respective Governments to the public of the four countries, this statement emphasising the fact that it is the supreme importance of increasing the Allied forces in France which is the reason for the sacrifices asked for, and that these sacrifices are likely to be required only during the winter and spring, the supply position being thereafter in all probability greatly improved.

In making the above recommendations the Executive realise that, if adopted, they will cause certain hardship to the consuming public, injury to many interests, and grave anxiety to controlling Departments. In view, however, of the supreme importance both of increasing the American Forces in France to the maximum number at the earliest possible date and of fully equipping these Forces so that they may attain the maximum fighting value in the summer of next year, they have not felt justified in recommending the only alternative course, viz., the reduction of the American Military Programme on account of the shortage of tonnage.

27th September 1918.

DOCUMENT No. 10

TONNAGE AND IMPORTS ON JULY 31st, 1918

At the second session of the Allied Maritime Transport Council, held at Paris on April 23rd-25th, the permanent staff of the Council submitted a statement of the position for the calendar year 1918 for the three European Allies showing (1) the provisional programmes of imports for the year; (2) the total deadweight tonnage required; (3) the estimated deadweight tonnage available; and (4) the apparent deficit in deadweight tonnage so resulting, which amounted to 1,890,000 deadweight tons of shipping.

The tonnage of the United States and their requirements were not included in this statement, as full information was not available, and the American Government stated generally that they were relying upon all their tonnage, including any thereafter required or constructed, for their own indispensable imports, for such provision as they were already making for the European Allies, for the service of neutrals, and for their rapidly expanding military programme.

To meet the grave situation thus presented, the Council recommended

an examination of the employment of tonnage on Colonial, Naval and Military work, and that a revision be made of the demands for such services and also for the importation of munitions, food, and other civilian requirements.

For the last purpose the Council recommended the immediate extension of Programme Committees to cover all imported commodities, adding that it was desirable that there should be an American representative on each of these Committees who would be a full member in the same sense as the representatives of the three European Governments.

These recommendations have been accepted by the four Governments concerned, and the Programme Committees are divided generally into three classes :—

- (1) Munitions Committees under the Munitions Council.
- (2) Food Committees under the Food Council.
- (3) Raw Material Committees.

These have already been organised and have made, or are now engaged in making, joint programmes of the various commodities required. Details as to their work and as to the constitution of the Committees are given in the last Report of Action.

Since the last meeting of the Council the most important events have been a great increase in the American Military Programme and the production of the Food Council's Programme for the next cereal year. The Munitions Council is still working at its programme, and the programmes of the other Committees are in various stages of completion.

It is clear that the effect of the increased American Military Programme must react with most important results upon the Import Programmes and tonnage arrangements of all four countries. The information available at present is not sufficient to enable any complete balancing of tonnage resources and liabilities. As the programmes are completed these balances will be effected, and the Programme Committees will be used as an instrument for continually compressing and distributing the imports as between the different services and the different countries in accordance with the main principles of the Council, viz., to allot tonnage so as to increase the war effort to the maximum and to distribute the consequent sacrifices as fairly as possible among the different countries.

It may be useful to add the following notes as to the present tonnage position :—

- (1) The most important factors in the present tonnage position are that world building (including American) now exceeds world losses, but that Allied or world building (excluding American) is still less than losses. As the excess of American building over losses is, on the most favourable computation, less than the increased demands for the American Army, it follows that the tonnage available for the needs of the rest of the world, and in particular for the European Allies, is smaller and is still diminishing.

- (2) As the Council meets, the new cereal year 1918-19 is about to begin, and it will be convenient, therefore, to make a few notes as to the prospect for this cereal year as compared with last. The tonnage under the control of the European Allies is about *2 million tons* deadweight less than at the beginning of the cereal year 1917-18. The acquisition of Dutch vessels, and agreements with Norway, Sweden, and Denmark (off-set by the obligations for Belgian relief, Swiss needs, &c., which have been or are likely to be assumed as the result of those agreements), may be taken to have given the European Allies a net gain of about $\frac{1}{2}$ *million tons* deadweight. The carriage of American troops now means a loss of imports equivalent to the loss of about $\frac{1}{2}$ *million tons deadweight*. The net result remains, therefore, that if no more tonnage were allotted to America, the European Allies would have for their needs some *2 million tons* deadweight less than the tonnage available one year ago.
- (3) The only substantial prospect of relief was that afforded by the better harvests. The Food Council's programme as presented, however, asks for an increased importation of $4\frac{1}{2}$ million tons.
- The Munitions Council have not completed their programme, but they have sent a warning that change in the character of warfare must mean an increased importation *per capita*.
- (4) Reference has already been made to the increased American military programme, which is recognised by all the nations as a vital need to bring about an early victory. The American Government has estimated that in addition to the ships of the European Allies now transporting troops it will require for the supply programme of these increased military forces (in addition to the vessels of the American Government, including their new building) a further amount of tonnage, starting with about 1,200,000 tons deadweight and reducing gradually to about 200,000 tons deadweight in February next. While the detailed demands upon tonnage have not yet been presented to the Allied Maritime Transport Council, it will be recognised at once by all that this vital new factor will necessitate a most careful review of the programmes of all of the associated Governments and a closer co-ordination of all tonnage resources.
- (5) Some savings, difficult to calculate exactly, are doubtless to be allowed for improved convoy arrangements, reduced losses, and the shipment of a larger proportion of imports from the nearest source (the North Atlantic), and it may be hoped that the abnormal winter of last year will not be again repeated.

On the other hand, the railage, loading and shipment of over one million tons a month of Army supplies in North America, which were not coming last year, and the risk of serious shortage

of coal, both in America and in the United Kingdom, may cause delays to shipping.

- (6) No indication has been received of any substantial change in the demands on shipping in respect of Naval needs or of Military demands of the Secondary Expeditions, except that a demand, the final extent of which cannot yet be estimated, is now being again made for tonnage for Russia.
- (7) It is clear, from the general notes above, that the need for compression of programmes must be extremely drastic. The process will take time, and action taken at present must be provisional. It is suggested, however, that the principle given to the Food Council (viz., that actual recorded consumption during the last year should be taken as setting the maximum limit to programmes, with allowance for home productions) should be applied at least to commodities required for civilian consumption. It is clear that compression beyond this point will, in fact, be necessary unless the military effort is to be impaired, the general formula being that each 5,000 tons of imports saved will enable about 1,000 additional American soldiers to be maintained in, and, therefore, sent to France.

26th August, 1918.

DOCUMENT No. 11

PROPOSED PROVISION IN ARMISTICE OF NOVEMBER 11TH, 1918, AS TO ENEMY SHIPS AND FOOD

Resolution adopted by Permanent Representatives of the Allied Maritime Transport Council and of the Inter-Allied Food Council at Lancaster House, October 28th, 1918.

The permanent representatives of the Allied Maritime Transport Council and the Food Council have had under consideration the possible effect on the vital supply arrangements of the Allies of the conclusion of an armistice, pending the conclusion of peace. In this connection they had before them the prospect that additional supplies will in any event be required for neutral countries and for the liberated populations, and the possibility that those in charge of the armistice and peace negotiations will contemplate also that certain supplies hitherto excluded from Germany through the blockade, will during the period now in question be permitted to go through the blockade as one of the conditions or results of the armistice.

The representatives in question unanimously agreed that even if only the first class of supplies, *i. e.*, those to neutral countries and the liberated populations, are under consideration, it is essential that any supplies so arranged should be made through the existing allied organisation of the Food Council and Programme Committees, &c., who would within the

limits of the authority allowed them determine both the quantities, sources, terms, and conditions under which the supplies would be furnished and imported; and to make this control effective they consider it essential that all German and Austrian merchant vessels should be placed under the direction of the Allied Maritime Transport Council. It would in their view be disastrous if either neutral or enemy countries were able to go into the markets of the world and purchase supplies required for the vital needs of the Allies in competition, but without co-operation, with the Allies, the result of such action being necessarily the entire dislocation of the general economic position now prevailing with disastrous results to the civilian populations of both allied and neutral countries. To avoid this result it appears essential first that the large block of enemy tonnage now idle in enemy or neutral ports should be brought into use, and, secondly, that it should be used under Allied direction and in accordance with a general Allied plan.

The ultimate disposition of the enemy merchant marine so placed under the direction of the Allied Maritime Transport Council could then await the final peace conference.

These recommendations have been made unanimously by the permanent representatives of the Food and Transport Councils. The same considerations would appear to apply to raw materials and other commodities generally, and so far as we have been able to consult those representing those commodities, they are in full accord with the above recommendations.

Recommendation.

It is therefore recommended that the merchant marine of the Central Powers should be placed under the direction of the Allied Maritime Transport Council, and that such supplies of food or other commodities as may be allowed to the Central Powers should be obtained through the instrumentality of the existing Allied organisations, and under such terms and conditions as those organisations may be required to impose.

DOCUMENT No. 12

UNITY OF CONTROL

THE PRINCIPLE APPLIED TO ALLIED SUPPLIES.

*Draft of Statement prepared for publication but not issued in view of
Conclusion of Armistice.*

The Allied Maritime Transport Council make the following announcement :—

The Council, which was established by the Allied Conference at Paris in December last, and is now working through a permanent organisation at Lancaster House and a series of Committees in which Allied representatives of all the main Supply Departments in each country are co-

operating, stands for the application of the principle of Allied control to Allied supplies.

The strength of the forces the Allies can command in France depends upon the amount of supplies which can be transported to maintain them, and any failure to organise the transport and supply system to its maximum efficiency might easily mean postponing victory by a year.

It is essential, therefore, that the resources of the Allies shall be used to their utmost ; and for this that they shall be used under a central plan and under unified control.

The Allies have agreed that the allocation of ships, upon which depend all their imported supplies both for Military and Civilian purposes, shall be arranged upon the simple and equitable principle of securing that they help most effectively in the prosecution of the war and distribute as evenly as possible among the associated countries the strain and sacrifice which the war entails.

The available supplies of food for the Allies are limited, the output of munitions is limited, the manufacture of every form of supplies and provisions required for both combatants on land or at sea is limited. If any service has more than it can fairly demand as its share of the common resources, if any country has more than it can fairly demand, there is a net reduction in the forces directed against the enemy and an unfair distribution of the sacrifices entailed by the war. This is a problem which no single country can solve by itself. France from the first moment of the war had to divert so many men to her army as to make the need for assistance from her Allies for supplies and shipping essential. Italy, too, has engaged in military operations beyond the power of her production and her industrial sources. Great Britain and America are bound to provide both ships and supplies. To America the Allies are bound to look for the main portion of their food supplies, for financial help, and later, as her shipbuilding increases, to tonnage assistance too. Great Britain, for the time being, bears the main burden of supplying her Allies' deficiencies in tonnage.

The essential basis of any such organisation must be the control of shipping, for shipping is the limiting factor in all allied supplies. Throughout the last two years of the war more supplies have been produced than ships could transport. The amount of supplies therefore depends upon the ships to carry them, and the amount which each ally can obtain depends upon the allocation of tonnage to that ally. It has become necessary therefore that the authorities who control the different mercantile marines which serve the Allies should be so associated as to direct their vessels under a common plan, and should have at hand an Allied organisation competent to advise them as to the relative importance of all Allied requirements.

Much has already been done. A year ago, although the tonnage at the disposal of the Allies was considerably greater than it is now, the European Allies were in grave doubt and uncertainty till right up to the harvest as to whether they would reach the harvest without serious shortage of food.

This year, in spite of shipping losses, each of the Allies knew by the end of the spring that it was assured of an adequate food supply to the harvest and well beyond. Not only that, but each Ally is satisfied that in its most important food supply—bread—the resources open to the Allies as a whole have been fairly distributed between them.

The principle successfully vindicated in the case of bread and all cereals is now being applied to the whole range of imported commodities required by the Allies, each of which is being examined by Allied experts. A Munitions Council is examining the requirements for munitions of America, France, Italy, and Great Britain, and is attempting to see that, in relation to the military strength and commitments of the four countries, the arrangements for production, for supply and for transport are adequate and fairly distributed. Similar committees under an Allied Food Council are dealing with every class of imported food and with every class of article required as raw materials for industries. When the programmes have been so produced by agreement between these different Allied experts, they will be considered in relation to the total carrying power of the available tonnage under Allied control, and so far as the tonnage suffices, it is intended that arrangements shall be made between the different Governments to allocate tonnage accordingly. In order that the more important questions of policy as to the direction in which reduction should be made if the total programmes exceed the carrying power of the total ships, the whole of the above machinery of Allied Committees is linked up to a Council of Allied Ministers (the Allied Maritime Transport Council). This Council consists of two Ministers from each of the European Governments and two delegates from America. Its current executive and administrative work is carried out by a permanent organisation, the Allied Maritime Transport Executive, consisting of expert staffs supplied by the four Governments and working together in one office.

It is the definite duty of this Council and this Executive to make a plan which will, by arrangement with the different Governments, secure that the whole of the imported supplies of the different Allies are fairly allotted so as to aid most effectively the successful prosecution of the war, and to share the burden of sacrifice as equally as possible between the different countries. These principles were explicitly and unanimously accepted by all the Allies at the great Paris Conference of December last. The organisation is now at work, the investigations are being made, and the purpose can be achieved. One thing, however, is necessary to success. The civilian populations must be prepared to accept sacrifices which fall in one direction or another as a part of the general plan.

It is essential that the public in the four countries should realise what the shipping position is and how much depends upon a rigid economy in every direction if we are to end the war quickly and victoriously.

The Allied Maritime Transport Council propose for this purpose to issue from time to time a general statement of the Allied shipping position (see p. 210).

DOCUMENT No. 13

TABLE SHOWING THE ORGANISATION OF INTER-ALLIED CONTROLS

1. Commodity.	2. Inter-Allied Body.	3. Method of Purchase.	4. Purchasing Body or Bodies.	5. Represented in the United States by	6. Represented in certain other Countries as follows.
1. Wheat	Wheat Executive	Single buyer	Royal Commission on Wheat Supplies (British).	Wheat Export Company of America, buying on commission.	Canada : Wheat exporters. India : Controlled firms. Argentina : Controlled firms. Brazil : Controlled firms. Russia : French Commission.
2. Sugar	Inter-Allied Sugar Programme Committee.	Single buyer in London and from International Sugar Committee in U.S.A.	Royal Commission on Sugar Supplies (British).	Representatives of Royal Commission on the International Sugar Committee.	In addition to purchases made as in column 3, the produce of some small British colonies has been secured through the British Colonial Office.
3. Meats and Fats, covering many foodstuffs.	Inter-Allied Meats and Fats Executive.	Purchasing organisation in each procuring country is aimed at.	Various	Allied Provisions Export Committee.	British colonies and also Argentine by the British Government.
4. Oil and oilseeds	Oil and Oilseeds Executive.	Purchasing through A.P.E.C. or the Governments concerned (see columns 4 and 6).	The Executive	A.P.E.C.	British and French colonies by the respective Governments. Brazil by Agents of Wheat Commission.
5. Copper	Copper Sub-Committee (Allied Munitions Council), allocating powers only.	By the Governments requiring supplies.	See column 3	Purchase in U.S.A. by Governments from producers at controlled price, in account with allocation by Copper Committee.	Purchases in Spain by British Government.
6. Tin	Tin Executive	Supplies for France and Italy through British Ministry of Munitions.	Tin Executive	—	The Executive is generally represented in the producing countries by controlled firms.
7. Nitrate of soda	Nitrates Executives	Agents on commission	Director of Purchases under the Executive.	—	A special agreement has been entered into with the Government of Chile.
8. Rubber	Allied Rubber Committee (Allied Munitions Council).	Generally by Governments concerned.	Bulk of trade in hands of City merchants.	—	—
9. Wool, hair, and products of wool and hair.	Wool Programme Committee (Advisory).	Australian and N.Z. clip bought by British Government, otherwise trade channels.	—	—	France partially controls prices and quantities through Inter-Departmental Wool Committee.

TABLE SHOWING THE ORGANISATION OF INTER-ALLIED CONTROLS (continued)

1.	2.	3.	4.	5.	6.
Commodity.	Inter-Allied Body.	Method of Purchase.	Purchasing Body or Bodies.	Represented in the United States by	Represented in certain other Countries as follows.
10. Cotton	Cotton Programme Committee.	Usual trade channels except for Egyptian crop.	—	—	—
11. Jute, hemp, and flax :—					
(a) Jute	Jute, Hemp, and Flax Programme Committee.	Purchase by British Government from leading jute firms.	—	—	Egyptian crop bought by British and Egyptian Governments.
(b) Hemp	Do.	British Government purchase for European Allies.	—	—	—
(c) Flax	Do.	Local Allied representatives at Archangel.	—	—	Controlled firms in Manila.
12. Leather	Hides and Leather Programme Committee (an Executive is under consideration).	British Government purchase in India through Buying Committee of British firms in Calcutta.	Great Britain and United States control the market (chiefly India and Argentina).	—	Informal Inter-Allied buying arrangements at Archangel.
13. Timber	Timber Programme Committee and Commission Internationale d'Achats de Bois.	Purchase is centralised in Italy, France, Great Britain. C.I.A.B. control purchasing policy.	C.I.A.B.	Purchase in United States through War Missions.	—
14. Coal	Coal Programme Committee.	British Government controls the mines and works them through existing channels on basis of profits over period pre-war years.	—	—	France.—Office National des Charbons which buys in United Kingdom through existing channels on a fixed basis. Italy.—All purchases made on Italian Government account. Italy.—Italian Paper Commission. France.—Office National de la Presse.
15. Paper	Paper and Paper-making Materials Programme Committee.	Central purchase of woodpulp in each country.	Centralised purchase through British Controller for European Allies suggested.	—	—
16. Petroleum	Inter-Allied Petroleum Conference (Advisory).	By central purchase in U.S.A. at fixed price. Usual trade channels in other countries, subject to allocation by Conference.	—	United States Fuel Administration.	—
17. Tobacco	Tobacco and Matches Programme Committee.	No purchasing arrangements between the Allies, price control being purely national through medium of the State monopolies in France and Italy, and the Tobacco and Matches Control Board in Great Britain.	—	—	—

DOCUMENT No. 14

POST-ARMISTICE POLICY

[This was approved by the British War Cabinet on November 13th, 1918.]

After Hostilities.

Among a large number of questions which *may* call for Inter-Allied discussion, the following are those which appear to be most urgent :—

- (a) The nature and the amount of the assistance to be given by the Allies for the reconstruction of devastated territories.
- (b) Exchanges and other reciprocal concessions between the Allies in respect of foodstuffs and other essential commodities.
- (c) Arrangements, similar to those which already exist, from concerted or joint action in acquiring commodities, necessary for use and consumption in Allied countries, which could not otherwise be obtained in sufficient quantities.

The Maritime Transport Council might become a General Economic Council for the discussion of these and similar questions. Considerations of finance and economics would be involved, and it might be advisable to modify the composition of the Council accordingly. If the Council were expected to draft concrete proposals for submission to the Allied Governments, the assistance of financial and economic experts (such as could be supplied by the Treasury and Board of Trade) would no doubt be required.

In all that concerned foodstuffs, raw materials, and other essential commodities, the General Economic Council could advantageously make use of the programme committees. These could be advantageously combined in two groups under (a) the existing Food Council, and (b) a Raw Materials Council. The British experts on the Raw Materials Council should include representatives of the Board of Trade, War Office (Supply Department), and Ministry of Munitions (Raw Materials Department).

Decisions.

1. Revise representation on Maritime Transport Council to make it a General Economic Council.

2. Bring the programme committees which deal with raw materials under a Raw Materials Council, on which the Board of Trade, War Office (Supply Department), and Ministry of Munitions (Raw Materials Department) should be represented.

**COMMUNICATION MADE TO PERMANENT REPRESENTATIVES
OF FRANCE, ITALY, AND UNITED STATES ON THE
ALLIED MARITIME TRANSPORT EXECUTIVE**

The British Government has decided to suggest to the Governments of the United States, France, and Italy that it is desirable to revise the representation and functions of the Allied Maritime Transport Council

so as to make it a General Economic Council, which would co-ordinate the work of the various Councils, and, through them, of the Programme Committees. It is also suggested that the various Raw Materials Programme Committees, together with those now grouped, and the Munitions Council, should be grouped under an Inter-Allied Raw Materials Council just as the food programme committees are grouped under the Inter-Allied Food Council.

13th November 1918.

DOCUMENT No. 15

WORLD TONNAGE POSITION AT CESSATION OF HOSTILITIES

19TH DECEMBER 1918.

1. The general position may be summed up in a sentence by saying that, while there will remain a serious shortage of passenger tonnage through the period during which troops are being repatriated, the shortage of cargo tonnage ceased to be serious as soon as hostilities were concluded, and so far as can be seen will shortly disappear altogether.

It is proposed in this memorandum to deal only with cargo tonnage.

2. The following are the credit factors in the situation :

(a) Enemy Tonnage.—The amount of tonnage which will ultimately be brought into use is between 4 and 5 million tons deadweight. This can scarcely be counted upon in any considerable quantity for several months however, and the full amount is unlikely to be in service till the summer of 1919. Provisionally it may be regarded as off-set against enemy demands and as leaving no surplus over this demand.

(b) Interned Allied and Neutral tonnage from Black Sea, Baltic Sea, &c.—This will ultimately amount to 400,000 tons. We may perhaps hope that the average amount employed during the next six months will amount to 200,000 tons deadweight.

(c) Neutral tonnage demobilised elsewhere (Dutch East Indies, &c.)—Amount ultimately available 300,000 tons. Average amount available during next six months perhaps 150,000 tons.

(d) The monthly world output now exceeds losses by about $\frac{1}{2}$ million tons a month. This should give an average of nearly $1\frac{1}{2}$ million tons extra tonnage for the next six months.

(e) The cessation of war damage should mean that a large amount of extra tonnage should be available from the repair yards. Against this, however, must be set the necessity for undertaking postponed repairs put off till the last moment during the war.

(f) The stoppage of transportation of troops from America to Europe at the expense of cargo should give something like $\frac{1}{2}$ million tons extra deadweight for cargo work.

(g) The stoppage of the shipment of munitions should give at least $\frac{1}{4}$ million tons extra tonnage, or, including American Army supplies, $\frac{1}{2}$ million tons.

(h) The tonnage released from British, French and Italian Military and Naval Service should give an average of about $\frac{1}{2}$ million tons extra deadweight during the next six months.

(i) The improved turn-rounds of vessels, with the abolition of convoy and other anti-submarine protective arrangements, should give an increased carrying capacity equivalent to something like 2 million tons deadweight.

3. As against this there are the following debit factors :

(a) The new demands from enemy, and possibly also from liberated areas, may be set against the use of the enemy tonnage and regarded as cancelled out.

(b) The re-distribution of British liners on their normal peace routes may be taken as involving a reduction of cargo carrying capacity equivalent to the loss of, say, 500,000 tons deadweight.

(c) The return of the American ships to their earlier work may involve another $\frac{1}{2}$ million tons deadweight, and a similar movement of Allied tonnage and tonnage in Allied services may be taken as equivalent to the loss of, say, another $\frac{1}{2}$ million tons deadweight.

4. The British reconstruction demands for the next six months amount to a little under $\frac{1}{2}$ million tons a month of cargo more than the programmes which we were working on in war conditions. This may be taken as the equivalent of $1\frac{1}{2}$ million tons deadweight.

We have no similar revised programmes for the Allies, but if we take a similar figure of $1\frac{1}{2}$ million tons we should probably be fairly covered.

5. The general conclusion would appear to be that, after allowing for return of vessels to pre-war routes and for increased reconstruction demands the Allies should have ample tonnage to meet their importing needs, and there should be a considerable margin available for release for general world traffic.

6. The general conclusion may be confirmed by reference to the building and losses position throughout the war.

7. Great Britain has lost net during the war 3,443,000 tons gross or say 5 million tons d.w. The world as a whole has lost net during the war 1,800,000 gross tons or $2\frac{1}{2}$ million tons d.w.

8. Great Britain is building in excess of losses say 130,000 gross tons a month or say 200,000 tons d.w. The world is building in excess of losses at over $\frac{1}{2}$ million tons d.w. a month.

9. It may be anticipated that apart from the acquisition of any enemy ships, British tonnage would reach a pre-war level towards the latter part of 1920.

10. World tonnage, however, would reach its pre-war level by the summer of 1919.

11. It must be remembered that while world tonnage is for the moment $2\frac{1}{2}$ million tons less than it was before the war, it is probably a great mistake to think that the world demand will jump rapidly back to peace standards and apart from any shortage of ships it is unlikely that peace standards, of consumption and peace methods of supply would be immediately resumed, for during 4 years of war every country has under the pressure of the shortage of shipping learned to dispense with many foreign imports and to produce home substitutes. The process will doubtless be gradually reversed but it is likely to be a very long time before the result of increased home production and reliance upon home products disappear. The process is likely to be further retarded by the general financial exhaustion which may prevent enterprise being at once resumed on the pre-war scale.

J. A. S.

DOCUMENT No. 16

(A) TERMS OF TONNAGE AGREEMENT CONCLUDED WITH FRANCE ON 22ND JANUARY 1919

1. Great Britain is prepared to supply for French service (either by Charter to French Government, or to French firms, or by employing in or directing into the French importing trade) sufficient British tonnage to keep the total amount of tonnage (National, Allied and Neutral) in the French import service up to the total amount engaged in that service on 31st October 1918 (being the end of the last month before the cessation of hostilities). The rate not to exceed 25s. per ton d.w. for ordinary ocean-going tramps of 2,500 tons d.w. and upwards, or freight rates on an equivalent basis; while the maximum rate for smaller vessels will be in accordance with the British limitation rates. The French Government will accept full financial responsibility for these arrangements.

2. The French Government will realise that it would prove impracticable to maintain the limitations of charter rates for British owners if the French Government or private French charterers charter on voyage or time any National, Allied or Neutral tonnage at higher rates.

3. While there is no obligation whatever on the French Government to take British vessels at the above rate or at any rate which is above the market rate of the time, there will be a general understanding that the French Government will (unless the British Government otherwise desire) charter British vessels at either the 25s. or any lower rate in preference to neutral vessels.

4. The French Government will accept financial responsibility for the remainder of any charters of neutral and Greek vessels which were in French service on 31st October, 1918, including neutral tonnage then on that service on allocation by the Wheat Executive, and for the same proportion of any neutral vessels unallotted at the date as the proportion of such vessels which have on the average been allotted to France.

5. The conditions effecting rates on Liner Shipments are too complicated to enable a specific agreement as to rate to be entered into. The general French position as to cost is, however, sufficiently safeguarded by the arrangement made above for tramp tonnage.

6. With regard to the request that freight rates shall be such as to enable materials to be in the hands of manufacturers at the same basic price, the British Government made the following declaration :—

7. Freight is not being supplied below the market to private merchants or to commodities imported under commercial conditions at lower rates than those specified in paragraph 1, importation at the lower Blue Book rates being reserved for commodities imported on Government account. The only kind of case in which prevailing conditions (coupled with the arrangement in this agreement) may not meet the principle proposed in the French request is the case in which a commodity is imported for a Government department and is then in part delivered by that department to a private manufacturer. This special case (affecting as it does the administrative arrangements of Supply Departments) cannot be disposed of under a purely shipping agreement. It must be left to be dealt with as a part of the wider proposal made with regard to the exercise of control of materials by M. Clémentel and given to Lord Reading for submission to the British Government.

As soon as market rates fall below the controlled freight rate the object desired by the French Government will, as far as freight is concerned, be secured automatically.

8. This Agreement is (subject to renewal) to terminate on the 1st July 1919.

(B) LETTER ADDRESSED TO FRENCH REPRESENTATIVE
ON ALLIED MARITIME TRANSPORT EXECUTIVE AS
TO ANGLO-FRENCH TONNAGE AGREEMENT OF 22ND
JANUARY 1919

(A similar agreement was subsequently made between Great Britain and Italy, see p. 223.)

30th January 1919.

I am writing as British Representative on the Allied Maritime Transport Executive with regard to the present position of the British Government in relation to the allocation of British tonnage to France and Italy.

The British Government is, as you know, arranging to release vessels from requisition in all possible cases as they complete their voyages in the United Kingdom (or, in special cases, at ports abroad) on or after March 1st next (or, in the case of liners, February 15th). It is understood that the American Government has commenced the release of American tonnage and that the French Government propose to release French tonnage in February.

In view of the prospect of the release of tonnage from requisition informal indications were given by the British to the French Government in December that the continuance of the principle of allotting tonnage in accordance with different Allied supply programmes would be both unnecessary and impracticable. The extreme shortage of tonnage, and the inevitable inter-dependence of the Allied requirements under war conditions rendered such a system necessary while hostilities continued. That system, however, necessarily imposed a joint responsibility upon all the Associated Governments both for the programmes of each country and the employment of each merchant fleet ; and it was clearly desirable that the consequent limitation of the freedom of action of each National Government should be removed as soon as the new conditions allowed.

At the same time the British Government recognised the reasonableness of the request of the French Government that in the transition from one system to another they should be safeguarded against any risk of increases in the rates of freight.

The British Government therefore indicated, on December 23rd, that they would be prepared (in exchange for the former responsibility accepted by them under the agreement of 3rd November 1917 as interpreted in the arrangements made under the Allied Maritime Transport Council in 1918) to guarantee to the French Government that within a specified maximum limit a total tonnage for their importing services should be assured at a specified maximum rate. The details are shown in the enclosed copy of the Agreement, the terms of which were proposed by Sir Joseph Maclay on behalf of the British Government on December 23rd, 1918, and accepted by M. Clémentel on behalf of the French Government on January 22nd, 1919. The American and Italian Governments were informed of the Agreement proposed between Great Britain and France with an indication that Great Britain was prepared to enter into an Agreement upon a similar basis with Italy, if she desired.

The new Agreement has been accepted by M. Clémentel as cancelling the Agreement of 3rd November. Its main principle is that France being assured of sufficient total tonnage for her importing services, will take such action as she desires on her own responsibility to secure that adequate tonnage is available for each particular service.

I am, therefore, to give notice formally that Great Britain regards other obligations to supply tonnage, or to supply tonnage at specified rates, whether under the 3rd November Agreement or other arrangements, as now terminated. Vessels will not therefore be directed under the programme system for cereals, or food generally, or raw materials, or French naval or civilian coal ; and it will be necessary for the respective French Departments to charter such tonnage as they require for these services.

Any vessels which may, in fact, be allocated for particular services during the process of transition from one system to the other will be counted towards the total of tonnage for all purposes which France may

claim under the Agreement, and not regarded as fulfilling any responsibility for the execution of a specific programme.

I am to suggest that you should transmit the necessary information to the various French Departments concerned (including those responsible for food, raw materials, and both naval and civilian coal), with a view to their being prepared to charter such tonnage as they may require.

In this connection I am to refer particularly to the case of coal. Requisitioned tonnage has been supplied for the conveyance of coal to France for the following services :—

- (a) French State Railway.
- (b) Nord & Est Railways.
- (c) B.N.C. replacement coal.
- (d) French marine requirements over and above what can be carried in French national and time-chartered ships.
- (e) Swiss munitions requirements.
- (f) A further communication will be made as to the Bruay Mines replacement in respect of coal drawn by the British Army from Bruay Mines.

For all these services, except (c), freights based on requisition rates have been charged to the French. As regards (c), the French have been charged the limitation rates. In future it will be necessary for the French to charter for all these requirements at the market rates.

Messrs. Wm. Mathwin and Son, who have been stemming vessels for all these requirements, are being informed that, as from the 1st March, they will not be concerned in any shipments under any of the above heads.

DOCUMENT No. 17

This document consists of a summary of the decisions and resolutions of the Allied Maritime Transport Council during the six sessions :

- (1) March 11–14, 1918, at London.
- (2) April 23–25, 1918, at Paris.
- (3) August 29–30, 1918, at London.
- (4) September 30, October 1–2, 1918, at London.
- (5) February 1–12, 1919, at Paris.
- (6) March 10, 1919, at Paris.

FIRST SESSION AT LONDON. MARCH 11–14, 1918

Summary of Decisions.

The Council decided that the following programme should be put into effect :—

- (a) France undertakes to supply 350,000 tons of French coal to Italy in the month from the 15th March to the 15th April.

- (b) The Allies to ship 350,000 tons of British coal to France (mainly Dunkirk and Rouen) in vessels not at the time in the French coal trade, and as nearly as possible within six weeks of the 15th March.
- (c) The French coal supply to be of a quality equal to that of the British coal, an adjustment, whether by way of an increase in the quantity of French coal supplied or a reduction in the compensating coal, to be made to the extent to which it proved inferior.
- (d) So far as possible the compensating coal so to be supplied to France to be shipped in small vessels or other vessels not in the Atlantic import service, and Great Britain to endeavour to ship 150,000 tons in tonnage of this kind. The remainder to be supplied by the diversion of large vessels before proceeding across the Atlantic, vessels being chosen from among those in the service of the different Allies.
- (e) The above arrangement was conditional upon Dutch tonnage in American ports being quickly available to compensate for the loss of Atlantic imports through diversion, and a recommendation to be made to the Supreme War Council that half the Dutch tonnage in those ports should be allotted to meet such imports.
- (f) The permanent organisation of the Council to work out a co-operative Allied plan for the supply of the necessary tonnage for the shipment of the other coal to Italy, viz., from the United Kingdom to Italy, United Kingdom to Blaye, and from South France to Italy, the arrangements as regards the first two routes being as before the primary responsibility of Great Britain and Italy, but the other Allies co-operating particularly in regard to the third route.
- (g) A committee to be composed of representatives of the Italian Government, of the French Ministry of Public Works and the French Ministry of Munitions to be appointed and be responsible for watching at Paris the actual expedition of coal to Italy day by day, and to keep the Secretary of the Council informed of the quantities actually despatched.
- (h) A meeting of officials representing the four countries to be held in London before the 3rd April next, to prepare a programme for the supply of coal after the 15th April.
- (i) A communication to be made to the Swiss Government as to the use of the Simplon route.

THIRD SESSION. AUGUST 29-30, 1918

Food Programme for the Cereal Year 1918-19.—‘The Programme of importations to be commenced on the purely provisional basis of the quantities covered by the priority figures [18·5 million tons excluding military oats], it being fully understood that the figures will be reconsidered as soon as full information is available. As far as military oats are concerned the old programme of importation must continue until the matter has been further considered.’

The Council decided to recommend the allocation of tonnage in accordance with this decision, and with the proportions as between the different Allies as recommended by the Food Council, subject to the conditions stated in the memorandum.

Importation of Civilian Commodities.—Having regard to the general tonnage position, the Council resolved that ‘With regard to the programmes of civilian commodities generally, until further order, actual recorded consumption of the past year should be taken as setting the maximum limit for programmes of importation for the next year. This principle is not to be understood as preventing a different distribution as between the different Allies or a greater importation than last year where a country has used up stocks and must have a larger importation to avoid a reduction of consumption. This principle is to be communicated to Programme Committees in order to set the maximum limit to the programmes they prepare for the Council.’

Tonnage for Swiss Needs.—The Council resolved (1) that the Allied Governments should accept the responsibility for what the Council agreed to be Switzerland’s minimum requirements ; (2) that the assumption of this responsibility should be in conjunction with a satisfactory arrangement as to other negotiations the Allies may desire to conclude with Switzerland ; (3) the foregoing resolutions should be communicated to the Allied Governments with the recommendation that they shall take immediate steps to carry Resolution 2 into effect ; and (4) that the proposal that the German Government should share the responsibility for the provision of tonnage (from vessels interned in Spanish or Dutch ports)—which the Swiss Government believed the Germans were prepared to do—should not be encouraged.

FOURTH SESSION HELD AT LANCASTER HOUSE, LONDON,
S.W. 1, SEPTEMBER 30TH, OCTOBER 1ST AND 2ND, 1918

(a) That America should, with the European Allies, table her programmes of imports for joint consideration by the Allied Programme Committees, and her tonnage for similar joint consideration by the Allied Maritime Transport Council, and enable her representatives on these bodies to consider adjustments in the programmes of her imports and the allocation of her tonnage.

(b) That, in order (1) to secure in the immediate future additional tonnage for the American Army Supply Service, and (2) later to meet the accumulated European deficit and to supply commodities vitally needed by any one of the four countries, America, like the European Allies, should be guided in the arrangement of her import services and the disposition of her tonnage by the information and recommendations of the Programme Committees and the Transport Council, with the definite intention of utilising this Allied machinery in order to achieve the objects unanimously agreed on by the Paris Conference, viz. :—

- (i) to make the most economical use of tonnage under the control of all the Allies,
- (ii) to allot that tonnage as between the different needs of the Allies in such a way as to add most to the general war effort, and
- (iii) to adjust the programmes of requirements of the different Allies in such a way as to bring them within the scope of the possible carrying power of the tonnage available.

Munitions in Winter : Food afterwards.

(c) That, during the later Autumn and Winter, a general preference shall be given to the transport of munitions and army supplies as compared with food.

(d) That, when necessary, but as late as possible without running undue risk of actual shortage of food, a similar preference shall be given to the transport of food in the spring or early summer.

(e) *Reduction of Stocks.*—That, in view of the prospect of substantial improvement in the whole Allied tonnage position by next summer, and in order to avoid reducing the shipment of essential commodities required for actual consumption during the year up to August (particularly munitions), all Supply Departments should be asked to effect a reduction of stocks until they approximate towards the end of August to the quantities required for actual distribution.

(f) *Food.*—That 18·5 million tons of importations of all articles included in the food programme, except military oats, should be confirmed as the figure for the year.

(g) That if the food position at the end of the winter or later shows such a course to be necessary in order to avoid food shortage, food shipments shall have priority in excess of the proportion due on the 18·5 basis at the expense of tonnage allotted to other services.

(h) That for the purpose of considering the tonnage available for other services the total importations of food (and all other articles included in the food programme), including all miscellaneous foodstuffs and military oats, should be provisionally estimated at 22 million tons.

(i) *Munitions.*—That in estimating what is available for the European munitions imports it should be provisionally assumed that any tonnage assistance rendered to America, whether by the allocation of ships or the

supply of artillery, will be returned within the cereal year, thus leaving 18 million tons for European munitions, including ore, pyrites, phosphate rock, railway material, and lubricating oil, but that it should be recognised that this requires reconsideration after examination of the munitions programme, and in particular of the arrangements there proposed for supplies to the American forces.

(j) *Raw Materials*.—That the principle provisionally approved at the last Session for raw materials, viz., that actual recorded consumption of last year should be taken as setting the maximum limit for programme for the ensuing year, should continue to be applied.

Supply Programme for the American Army.

(k) That the Council should not recommend at this moment any reduction in the embarkation of American soldiers in spite of the grave condition of the European import programmes, but should be prepared to recommend such a reduction, if necessary, in the embarkations of next year in order to meet any crisis that may arise in the imports of food or other supplies at the time.

(l) That the Council, having before it the following provisional allocations of tonnage for arrival from September to December inclusive, viz.,

Food, including military oats, 7 million tons,

Munitions and raw materials, 9 million tons,

recommends that approximately 500,000 tons be diverted from the above allocation for the American Army programme for October, November, and December, including the 200,000 tons already arranged, but in addition to any further space that can be provided by the release of double bottoms.

(m) *Coal*.—That the strongest recommendations should be made to the British Government as to the immense importance to the entire Allied supply position of increasing the production of coal.

(n) *Publicity*.—The Council recorded their opinion that in view of the severe sacrifices that must in any event be entailed if the American military programme is continued, a full statement of the position should be issued to the public of the four countries, this statement emphasising the fact that it is the supreme importance of increasing the Allied forces in France which is the reason for the sacrifices asked for, and that these sacrifices are likely to be required only during the winter and spring, the supply position being thereafter in all probability greatly improved.

FIFTH SESSION HELD AT PARIS 1-12TH FEBRUARY 1919.

Recommendations to Supreme War Council.

1.¹ In arranging for the allocation for management of enemy tonnage, the Allied Maritime Transport Council have done so on the understanding that the ultimate disposition of the vessels by the terms of peace shall be in no way prejudiced, and that in order to mark the fact that the vessels are being administered in the meantime in trust for the Associated Governments as a whole, they will fly at the poop (or in the case of vessels manned by Naval officers and crew at the fore) the flag of the Allied Maritime Transport Council, as well as the national flag of the country undertaking the management. The Council recommend that each of the Associated Governments should make a definite declaration in the above sense, including a statement that in discussing the question of the ultimate disposition of the vessels they will not found any argument on the allocation for management or service of the vessels in the meantime.

2.¹ The Council desire to point out to the Supreme War Council that no Allied Council is at present vested with sufficient authority to deal with all enemy shipping questions or with the provision of tonnage, whether Allied or enemy, for relief purposes. The Agreement concluded with the German Government on January 17th, 1919, included a provision to the effect that the Associated Government would arrange for the administration of the German vessels handed over either through the Allied Maritime Transport Council or through some other body which they would create or designate for the purpose. No such appointment has yet been made. The Council are prepared to accept the responsibility if the Supreme War Council desire them to undertake it, but they would desire in that case that a definite and explicit decision of the Supreme War Council should invest them with the necessary authority. Apart from the German ships, no central Allied body is entrusted with the settlement of the numerous questions arising in regard to the acquisition, allocation, and use of Austrian vessels. The allocation has, in fact, been made in many cases through Naval Commissions in the Adriatic, in Spain and elsewhere, but in cases where agreement through these local Commissions has not been arrived at there has been no central body to settle the points in

¹ NOTE.—In connection with Resolutions 1 and 2, it was understood that the term 'Enemy Tonnage' throughout these Resolutions means 'Enemy Tonnage acquired and to be acquired since the signing of the Armistice of 11th November, 1918'. It was also understood that the responsibility which the Allied Maritime Transport Council contemplated undertaking under Resolution No. 2 was a responsibility for the allocation or re-allocation of enemy tonnage for management by one or other of the Associated Governments and for its use and also a responsibility for financial arrangements in connection with the acquisition and use of the vessels.

It was also understood in connection with Resolution 2 that in assenting to the responsibility there defined, the Shipping Ministers of the several countries did not commit themselves to the view that it would necessarily be desirable to use the power of requisition to provide tonnage for relief purposes.

SPECIAL NOTE.—Resolutions 1 and 2 were submitted on February 4th to the Supreme War Council for approval.

dispute. The Council have, in fact, been arranging the employment of such vessels as have been brought into service, but again they have had no specific authority from the several Governments. The Council suggest that the Supreme War Council may find it convenient to appoint the Allied Maritime Transport Council as a central authority for dealing with enemy shipping questions generally, including authority to direct the allocation or re-allocation for management or use.

Appointment of and Instructions to Shipping Representative for Conference with German Representatives at Spa.

3. The Council appoint the following shipping representatives for the meeting with the German representatives at Spa :—

France	-	-	M. Laurent Vibert.
Italy	-	-	Signor Brizzolezzi.
America	-	-	The Hon. G. Rublee, accompanied by Mr. Robinson.
Great Britain	-	-	Mr. J. A. Salter, accompanied by Mr. T. Lodge.

4. The Shipping representatives are authorised to arrange with the German representatives that for the time being (and subject to the right of the Associated Governments to demand that some of the vessels now provisionally excepted shall be handed over at a later date), the following classes of vessels shall not be handed over, viz., (a) sailing vessels; (b) vessels under sixteen hundred tons gross, which do not possess passenger accommodation. It is also understood that fishing vessels are excepted under the original agreement as not being included within the expression 'German Merchant Fleet.'

5. The representatives are also authorised to arrange with the German representatives that the appropriate remuneration to be fixed by the Associated Governments under the terms of the Armistice shall be on the following basis :—The German Government will be credited for the use of each ship with the rate of hire which is being paid for that class of ship by whichever of the Associated Governments is at the time obtaining that class of ship on the cheapest terms.

It is to be clearly understood that the money so earned will not be paid to the German shipowners, but will be credited to the German Government, and it will be for the financial authorities of the Associated Governments to determine the precise manner in which it shall be so credited.

Priority in use of Enemy Tonnage.

6. Enemy cargo tonnage under the control of the Council is to be used in priority for the relief of liberated territories and enemy countries. So far, however, as any of the Associated Governments supply national tonnage for the above purpose, they shall have the right to call upon the use of enemy tonnage to an equivalent extent.

7. The Council decide (with a reservation as to military transport which may be demanded of the Allied Maritime Transport Council in the

common interest of the Allies by the Supreme War Council, or in its name by the Higher Command of the Allies), that until the Council, or the Executive during intervals between meetings of the Council, otherwise determine, enemy passenger tonnage shall be used exclusively for repatriation of troops, prisoners and refugees.

Allocation for Management, and use of Enemy Tonnage, with other arrangements.

8. The first batch of 53 vessels named by the German Government as ready for immediate service (which, on present information, appear to be all or nearly all cargo vessels) shall be allocated on the following principle : without prejudice to the total amount of cargo tonnage to be allotted to the several Governments, the Council decide that half of the cargo vessels in the list in question are to be allotted to the British Government and half to the French Government for management.

9. The Council impress upon each of the Associated Governments the extreme importance of measures being taken to secure that the orders of the Council as to the allocation of vessels shall be duly carried out.

10. The Council decide that subject to the arrangements made for allocation and use of enemy ships by the Council or the Executive, and subject to any programmes for allocation or employment so made, Mr. J. A. Salter shall be authorised in cases of urgency to give orders as to the use of individual ships.

11. The Council decide that in order to make certain that the use of enemy ships shall be in accordance with the directions of the Council, arrangements shall be made with the Naval Armistice Commission or Naval Authorities providing that no safe conduct shall be issued for the voyage of any enemy ship after the delivery thereof without the approval of the Council.

12. The Council decide that each Associated Government shall furnish to the Allied Maritime Transport Executive a weekly report showing exactly the employment of enemy tonnage allotted to it by the Council for management ; and that the Executive shall furnish a monthly report to each of the Associated Governments summarising the employment of all such tonnage.

13. In view of the extreme importance of the principle being maintained that the allocation of enemy tonnage for management and use shall in no way prejudice the ultimate disposition of the vessels in accordance with Resolution 1, the Council recommend that the Associated Governments take the necessary steps to prevent, and formally announce that they will hold as null and void any action (such as the transfer of shares in enemy shipping) likely to render the said principle more difficult of application.

14. Whenever any service for which the Council shall have authorised the use of enemy tonnage shall have been performed, or whenever enemy

tonnage may be available which is not required for any such service, the Council, or during intervals between meetings of the Council, the Executive, shall determine how vessels not required for such services shall be used, and the Executive is hereby empowered to issue the necessary instructions for fitting the tonnage for service.

15. It was announced that the American and British Governments were agreed that they would divide equally between them the total German long-distance passenger tonnage allotted to the two of them together (*i.e.*, after deduction of tonnage allotted to France or Italy), the equal division being calculated in terms of troop-carrying capacity.

16. The Council decide that Austrian sailing vessels and small Austrian vessels under 200 tons gross shall be used as may be determined locally by the Italian Government and shall not need orders from the Council.

17. The Council decide that it is not possible to arrive at a final decision as to the share of enemy tonnage to be allotted for management by France until the other Governments have had an opportunity of fully considering the documents presented by the French Government.

Enemy Tonnage in Neutral Ports.

18. The Council decide that the duty of securing that enemy vessels interned in neutral ports shall be delivered to the Associated Governments shall be entrusted to the United States in the case of vessels in South American ports, to Great Britain in the case of vessels in Dutch ports and to France in the case of vessels in Spanish ports. The Executive of the Council shall make the necessary arrangements for one or other of the Associated Governments to deal similarly with delivery of enemy vessels in other neutral ports.

Finances of Enemy Tonnage.

19. The Council decide that a financial organisation shall be established in the Council to deal with the finances of enemy shipping. It was agreed that the form and scope of the organisation should be discussed at the next meeting.

Status of German Delegate contemplated in Armistice Clause, and position of German Ships now building.

20. The Council on receiving the report from the Shipping representatives sent by them to Spa to the effect that the German representative understood that the Delegate contemplated in the terms of the Armistice of 16th January 1919, would be a Delegate to the Council resident in London and with definite rights of membership decide that it is essential that the Delegate in question shall give his advice and assistance only at such time and in such manner as the Associated Governments may require. They also decide in connection with the report of the German contention that vessels not completely built are not included within the term 'German Merchant Fleet,' and are not, therefore, among those

to be handed over to the Associated Governments, that it is essential that vessels which can be made ready within six months shall be included in the vessels to be handed over.

The Council therefore decide to suggest to Marshal Foch that he should add a clause to the terms of the Armistice when renewed on 16th February to the following effect :—

La totalité de la flotte marchande, y compris les navires en construction susceptibles de prendre la mer dans les six mois qui suivront les présentes, sera livrée sans délai, soit dans les ports alliés, soit dans les ports des pays neutres dont les gouvernements seront immédiatement avisés télégraphiquement par le Gouvernement Allemand.

Cette livraison se fera avec la collaboration du Délégué Allemand prévu à la clause 8 de l'Armistice du 16 janvier et dont les fonctions se borneront à celles d'un Agent d'informations et de liaison.

SIXTH SESSION HELD AT PARIS ON 10TH MARCH 1919

German Passenger Tonnage.

1. *Long Distance Tonnage Allocation for Management.*—France will take 75,000 tons gross of the first 700,000 tons gross of tonnage of the type which is available. If more than 700,000 tons gross tonnage of this type is available, France will take the first 25,000 tons gross in excess of that figure.

Towards the above total of 75,000 tons gross France will take the three German ocean-going passenger vessels now in Spain.

2. It was decided that all German passenger vessels over 7,000 tons gross would be assumed to be long distance tonnage and therefore fall within Decision No. 1.

3. It was decided that all German passenger tonnage below 7,000 tons gross would be considered by the Executive, who are hereby instructed to class as long distance tonnage (to fall within Decision No. 1) all vessels technically suitable for long distance work.

All other vessels to be examined, and as far as possible divided by agreement by the Executive between France and Great Britain, with reference to the suitability of the vessels for Cross-Channel and Mediterranean service respectively, and with due regard to French and British needs for these services. Failing agreement the Executive will refer to the Council.

4. It was decided that the French claim for 600,000 tons d.w. of enemy cargo tonnage which was taken as a provisional working basis by a decision at the Fifth Session should be agreed as the definite share for French management.

DOCUMENT No. 18

The following memorandum is the only one in Part VI which was not written before the signature of Peace. Its object is to show in what proportion British shipping was employed on the different trade routes, and what it was carrying, at the moment the war ended; and so to make a contribution to the question (which needs further study) as to the precise effect of the submarine campaign on British supplies.

NOTE ON SEA-BORNE TRAFFIC AT THE END OF THE WAR

It has often been asked just what effect the submarine had upon sea traffic, and in particular on the imports of the country most dependent upon them, Great Britain. The question is not an easy one to answer and it may be approached by many methods. But we may usefully here attempt a passing glance at the problem by considering the position and employment of British Shipping immediately before the end of the war.

Before the War Great Britain owned about 23 million tons deadweight of ocean-going tonnage. About half of this tonnage was engaged in foreign trade and not in bringing home imports. On the other hand about a third of British imports came in neutral tonnage. The total imports in 1918 amounted to 54,551,000 tons of which 18,066,000 tons was food, drink and tobacco.

At the end of October 1918 the total British ocean-going tonnage (after allowing for building, foreign purchases on the one hand and losses on the other) had been reduced by about 5 million tons, i.e. to about 18 million tons d.w. Neutral tonnage brought few imports except from near countries (ore and timber from Scandinavia, ore from Spain); the large neutral tonnage in the control of the Allies went almost entirely to France and Italy. On the other hand practically all British tonnage had been withdrawn from purely foreign trade; and it was concentrated to a much larger extent than in peace times on the short Atlantic route. It was devoted to three great services (*a*) the needs of the combatant forces, (*b*) the Allies, and (*c*) British imports.

The following table shows the exact allocation on the 31st October 1918 of all British vessels over 1,600 tons gross.

I. *Non-Importing* (i.e. usually needs of the combatant services)

	<i>d.w.</i>	
Navy	1,806,400	
Army	2,167,500	
Colonial, &c.	1,522,000	
Allied :		
U.S.A.	844,100	(includes estimated loss of 450,000 d.w. on Atlantic liners through carriage of American troops)
Other	39,900	

II. *Repairing and Surveying*

1,327,700

 7,707,600 (not available for importing work)

This left a total of about $10\frac{1}{4}$ million tons d.w. available for importing work, distributed as follows :—

III. *Importing services—*

(a) British	
Liners and tramps on berth	5,220,900
Tramps	1,475,600
(b) Allies	
France	1,294,600
Italy	1,554,800
U.S.A.	148,400
Other Allies and neutrals	576,800
	<hr/>
	10,271,100

Of a total of some 18 million tons d.w. therefore about 4 million tons (22·2 per cent.) were absorbed directly by the combatant services. Less than 2 million tons (11·1 per cent.) would cover all the British tonnage allowed both for Dominion home needs and for the few remnants of neutral traffic. Over $1\frac{1}{4}$ million tons (7 per cent.) were withdrawn for repair and survey (the proportion of vessels hit by torpedoes which were got home for repair increased under the convoy system.) Of the $10\frac{1}{4}$ million tons (or 56·9 per cent.) available for imports about $3\frac{1}{2}$ million tons (or 19·4 per cent.) were allotted to Allied work. This left only about $6\frac{1}{2}$ million tons available for British imports. These imports, it is important to remember, included not only civilian requirements but, to an extent difficult to measure with precision, the raw materials for munitions manufacture. The Ministry of Munitions took control over the materials required for munitions, included them in their programme and rationed them out to the manufacturers. The War Office did the same for the commodities within their own responsibility. No enquiry proceeding from an examination of either shipping or imports can distinguish ultimate destination and use.

With this proviso let us examine the actual utilization of the $6\frac{1}{2}$ million tons available for British imports. The following table is based on a detailed examination of the cargo of every tramp, and the allocation of space between the different commodities of every liner on the 31st October.

Importing Services (United Kingdom).

	<i>D.W. tonnage.</i>
Cereals	1,912,800
Sugar	199,200
Meat	480,900
Oils and fats	616,700
Other Foodstuffs	397,000
Ore iron and pyrites	447,900
Nitrates	123,200
Other munitions and general cargo	2,519,000
	<hr/>
	6,696,500

Of the above total $5\frac{1}{4}$ million tons were loaded 'on the berth' i.e. as liners, less than $1\frac{1}{2}$ millions on full cargo tramps. It will be seen that about $3\frac{1}{2}$ million tons (54 per cent.) were devoted to food, and about 3 million

tons (46 per cent.) to all other imports. The great bulk of the latter consisted of the raw materials of manufactures required for combatant service, but such analysis as is possible can only be made on the basis, not of the employment of shipping, but of the actual imports (see tables on p. 352). Meantime it is well to note the routes on which the tonnage was employed. This is sufficiently shown by the following analysis of the 5½ million tons loaded on the berth; and its significance becomes clear if we contrast with it a similar analysis of tonnage loaded on the berth on the same date in the previous year.

British vessels loaded as Liners.

Route.	31st October 1917.		31st October 1918.	
	<i>Ships.</i>	<i>Tonnage.</i>	<i>Ships.</i>	<i>Tonnage.</i>
North America (including Canada and Gulf), U.K. (including North France)	262	1,681,000	276	2,083,000
South America (Atlantic), U.K. (including North France)	74	418,000	109	668,000
Australia and New Zealand, U.K. (including North France)	65	605,000	34	257,000
India (up to Singapore) and U.K. (including North France)	109	668,000	81	487,000
Africa (West, South, and East) and U.K. (including North France)	68	333,000	61	268,000
Far East (east of Singapore) and U.K. (including North France)	35	233,000	22	139,000
West Coast America and U.K. (including North France)	22	112,000	20	91,000
Mediterranean and Bay Ports, and U.K. (includ- ing North France)	46	130,000	53	143,000
	681	4,180,000	656	4,136,000

The tables illustrate the following important facts.

(a) The great concentration of vessels in the Atlantic (North and South) (385 ships and 2,750,000 tons in October 1918).

(b) The increased concentration during the year 1917-18 (385 ships and 2,750,000 tons as compared with 336 ships 2,099,000 tons).

This concentration necessitated among other measures the withdrawal of vessels from cross trades (i.e. not importing into the United Kingdom). In October 1917 there were 85 Liners of 433,000 g.t. in these cross trades and this total was reduced by October 1918 to 60 Liners of 290,000 g.t.

It must be remembered that both the withdrawal of vessels from British trade and their concentration in the Atlantic was already in process in 1915; that the same policy was developed in 1916 and still more in 1917; the results of 1918 are merely the climax of a policy pursued persistently from the time when tonnage became inconveniently short, first by the Transport Department and later by the Ministry of Shipping.

This note is intended as a contribution (based on an analysis of shipping only) to the question of the effect of the submarine on the supplies of the country. It needs to be supplemented by an examination of the actual imports statistics for which the student will find some of the material available on pp. 352-3.

J. A. S.

STATISTICS

TABLE No. 1

BRITISH VESSELS ARRIVING FROM OVERSEAS. FEBRUARY-APRIL, 1917.

With losses.

The following table shows the number of British vessels arriving from *overseas* (i.e., as distinct from those in the coasting and near trades) and the corresponding losses of such vessels.

For this purpose only vessels lost while proceeding directly from the United Kingdom to destinations not nearer than Gibraltar and vessels with cargoes on board for the United Kingdom from such destinations, have been included.

The statistics show that, on the rate of loss of the last fortnight in April, the risk of loss on an outward vessel was 1 in 14 and of a homeward vessel 1 in 5½. That meant that a vessel leaving the United Kingdom for an overseas voyage had, at the rate of loss then being sustained, only about 3 chances to 1 of returning safely with her cargo.

How different was the impression given by the figures published by the Admiralty (which included coasting vessels) is shown by the Admiralty statements for the same last fortnight in April.

These gave

	<i>Sunk</i>	<i>Arrivals.</i>	<i>Departures.</i>
Over 1,600	78 }	5,301	5,311
Under 1,600	28 }		

ANALYSIS OF BRITISH VESSELS—1,600 G.T. AND OVER—WHICH HAVE MADE CARGO ENTRANCES IN UNITED KINGDOM PORTS FROM OVERSEAS—1/2/17—26/4/17—85 days.

	<i>Gib. & beyond.</i>	<i>S. America or Cape.</i>	<i>Gulf, W. Indies & S. of New York.</i>	<i>New York & N. thereof.</i>	<i>Total.</i>
85 days	244	266	292	247	1,049
Average per day	2.94	3.13	3.43	2.90	12.4
April 1-26 (inclusive)	76.44	81.38	89.18	75.40	322.4
Vessels safely arrived say	77	81	89	75	322
Vessels in above categories sunk April 1-26	17	11	16	8	52
Vessels making journey (arrivals and sunks)	94	92	105	83	374
Percentage sunk	18.08 %	12 %	15.23 %	9.64 %	13.73 %

Comparison during last 14 days of April 1917.

Arrivals based on above average	41.16	43.82	48.02	40.6	173.6
Sunk	9	10	13	6	38
i.e. vessels making the journey	50.16	53.82	61.02	46.6	211.6
Arrivals and sunks, say	50	54	61	46	211
Percentage sunk	18 %	18.5 %	21.3 %	13 %	18 %

Departures.

U.K. Ports February 1-April 26, 1,103 = 13 per day.

April 1-26, Departures (a) Safely = 338 } = 358. Percentage of Sunks, 5.6 } Mainly on
 (b) Sunk = 20 } U.K.-Gib. and
 Departures during last (a) Safely = 182 } = 196. Percentage of Sunks, 7.15 } beyond route.
 14 days of April. (b) Sunk = 14 }

Total U.K. risk = April 1-26, 19.5 %. Last 14 days 25.15 %.

TABLE No. 2. BLUE BOOK RATES

SCALES OF RATES FOR HIRE OF VESSELS REQUISITIONED BY THE
 ADMIRALTY ADOPTED ON RECOMMENDATION OF THE ADMIRALTY
 TRANSPORT ARBITRATION BOARD, OCTOBER 1914.

(1) OCEAN PASSENGER LINERS.

(a) *Armed Merchant Cruisers.*

<i>Speed.</i>	<i>Per gross ton per month.</i>
22 knots and over	s. 25
21 knots and under 22	24
20 " " 21	23
19 " " 20	22
18 " " 19	21
Under 18 knots	20

} With relief from all
risk and expense of
ship and stores.

Period three months certain.

If period is in excess of three months, rate to be 1s. per ton less in each case in respect of the excess period.

(b) *Trooping Vessels.*

	<i>s.</i>	<i>d.</i>
15 knots and under 17	17	6
14 " " 15	16	6
13 " " 14	15	6
12 " " 13	14	6
Under 12 knots	13	6

If period be less than one month special terms to be arranged. If period is in excess of two months, rate to be 6d. less in each case in respect of excess period.

(c) *Hospital Ships and Carriers.*

	<i>s.</i>	<i>d.</i>
14 knots and over	17	6
Under 14 knots	16	6

Period three months certain.

If period is in excess of three months, rate to be 6d. per ton less in each case in respect of excess period, such reduction, however, being applicable to the whole period of employment in the event of its exceeding six months in all.

(2) CARGO LINERS.

	<i>Per gross ton per month.</i>			
	<i>First 2 months.</i>		<i>After 2 months.</i>	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
13 knots and over	15	3	14	9
12 knots and under 13	14	3	13	9
11 " " 12	13	3	12	9
10 " " 11	12	9	12	3
Under 10 knots	12	3	11	9

(2) CARGO LINERS (*continued*)

Minimum period one calendar month, to be reduced where owners have been able to employ their vessels before the expiry of a month.

Vessels of 3,000 tons and under 4,000 6*d.* extra.

" " 2,000 " " 3,000 1*s.* "

" " 2,000 1*s.* 6*d.* extra.

Special consideration for vessels with shelter deck accommodation not included in the gross tonnage.

(3) COASTING MIXED PASSENGER AND CARGO SHIPS.

Per gross ton per month.

			<i>s.</i>	<i>d.</i>
15 knots and under 16	.	.	20	0
14 " " 15	.	.	18	9
13 " " 14	.	.	17	6
12 " " 13	.	.	16	3
Under 12 knots	.	.	15	0

If period in excess of two months, rate to be 6*d.* per ton less in each case for excess period.

Special arrangements if period less than one month and owner cannot at once utilize his ship.

(4) COASTING CARGO (ONLY) SHIPS.

Per gross ton per month.

	<i>2,000 tons and under 3,000.</i>		<i>Under 2,000 tons.</i>	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
13 knots and over	16	3	16	9
12 knots and under 13	15	3	15	9
11 " " 12	14	3	14	9
10 " " 11	13	9	14	3
Under 10 knots	13	3	13	9

A reduction of 6*d.* per ton to be made in all cases for any period the ship is employed beyond one month.

Period less than one month and for shelter deck accommodation provisions as in (2).

(5) OIL TANK STEAMERS.

Per d.w. ton per month.

	<i>s.</i>	<i>d.</i>
Vessels of 4,000 tons and under (d.w.)	9	0
Vessels over 4,000 tons (d.w.)	8	9

Minimum period four months, the Admiralty having the option to continue for any period beyond four months.

(6) TRAMP STEAMERS.

Per gross ton per month.

	<i>s.</i>	<i>d.</i>
Vessels of 5,000 d.w. tons capacity and over	9	6
" " 4,000 tons and under 5,000 (d.w.)	10	0
" " 3,000 " " 4,000 (")	10	6
" " 2,200 " " 3,000 (")	11	0
" " 1,800 " " 2,200 (")	11	6
" " 1,300 " " 1,800 (")	12	0

A reduction of 6*d.* per ton to be made for vessels employed beyond one month and a further reduction of 6*d.* per ton for any period beyond two months.

Shelter deck accommodation provision as in (2).

Minimum period one calendar month, to be reduced where owners have been able to employ their vessels if discharged before the expiry of one month.

TABLE No. 3. SHIPPING PROFITS

EARNINGS OF TRAMP STEAMERS AUGUST 1914–SEPTEMBER 1916. *See* p. 114.

<i>Fleet of five 6,000-ton d.w. steamers new in July 1914. = 30,000 d.w.</i>	<i>Period 1. Aug. 1914 to Dec. 1914. (5 months).</i>	<i>Period 2. Jan. 1915 to June 1915. (6 months).</i>	<i>Period 3. July 1915 to Dec. 1915 (6 months).</i>	<i>Period 4. Jan. 1916 to Sept. 1916. (9 months).</i>
Earnings during Period at average time-charter rate for each period	£ 34,375	£ 104,850	£ 136,406	£ 287,250
Expenditure at £26 each steamer per day	19,890	23,530	23,920	35,620
Plus war insurance at £8 per cent. per annum on average value through period	5,468	9,200	12,990	19,944
Plus marine risk at £6 per cent. per annum on average value through period	5,125	8,625	12,990	28,642
	30,483	41,355	49,900	84,206
Net earnings	3,892	63,495	86,506	203,044
Average value through period, of each steamer	41,000	57,500	86,600	127,300
Approximate value of each steamer at commencement of period	36,000	45,700	69,300	102,500
Approximate value of each steamer at end of period, allowing 3 per cent. per annum for age	45,700	69,300	102,500	140,000
Average time charter rate during period	4s. 2d.	13s.	18s. 1½d.	35s. 0½d.

These figures include allowance for following proportions of fleet under Government requisition during each period, rate of hire being taken as equal to 6s. 3d. per ton d.w. per month, and Government assuming War Risk on steamers during service.

Period 1. One steamer for 5 months.
Period 3. One steamer for 6 months
and one for 1½ months.

Period 2. One steamer for 6 months.
Period 4. Two steamers for 9 months
and one for 3½ months.

Daily expenses of a Tramp Steamer of 6,000 tons d.w. under War conditions (1914–1916).

	£	s.	d.
Stores, maintenance, provisions	8	0	0
Management, &c.	6	0	0
Miscellaneous	3	0	0
Portage (wages)	9	0	0
	26	0	0

To this must be added :

Marine Insurance on current value at £6 per cent. per annum.

War Risk at (say) £8 per cent. per annum.

Depreciation is allowed for by a deduction from the appreciating values of the steamers. Insurance on freight is not specifically allowed for as the insurance on the vessel is based on full current sale prices of ships and would thus give a sum sufficient to give immediate replacement.

In the case of requisitioned vessels the War Risk insurance has been eliminated as the Government takes the risk.

The allowance for stores, maintenance and provisions, management and miscellaneous has been made at the same rate throughout ; it is ample as an average for the whole period August 1914–September 1916.

The allowance for requisitioned service is in accordance with the proportion of vessels actually under requisition at the different periods.

**TAXATION PAYABLE (EXCESS PROFITS DUTY AND INCOME TAX) BY THE
FLEET OF FIVE 6,000-TON D.W. CARGO STEAMERS.**

(1) Period August 1914-June 1915 (11 months).		£	£
Gross earnings		139,225	
Less expenditure (including insurances on increased values)		71,838	
Net earnings			67,387
Less depreciation at 4 per cent. per annum on capital value of fleet (£180,000)		6,600	
			60,787
Less average profit for average of standard year		33,000	
Excess Profits			27,787
Less Excess Profits Duty (at 50 per cent.)		13,894	
			13,893
Less Income Tax : 1914 £892 @ 1s. 8d. ; 1915 £46,001 @ 3s.		6,974	
Taxes		20,868	
(2) Period July 1915-September 1916 (15 months).			
Gross earnings		423,656	
Less expenditure (including insurances on increased values)		134,106	
Net earnings			289,550
Less depreciation @ 4 per cent. per annum on capital value of fleet (£180,000)		9,000	
			280,550
Less average profit for average of standard years		45,000	
Excess Profits			235,550
Less Excess Profits Duty (@ 60 per cent.)		141,330	
			94,220
Less Income Tax : 1915 £43,962.4 @ 3s. ; 1916 £95,257.6 @ 5s.		30,409	
Taxes		171,739	
		20,868	
Total Taxes 26 months		192,607	

TABLE No. 4. IMPORT STATISTICS 1913-17

UNITED KINGDOM.

Imports in 1,000 tons.

<i>Commodity.</i>	<i>1913. Tons.</i>	<i>1916. Tons.</i>	<i>1917. Tons.</i>
Cereals, human consumption	8,094	7,532	7,003
Cereals, animal consumption	3,000	2,000	1,533
Peas, beans and dried vegetables	176	105	110
Sugar	1,969	1,537	1,391
Meat	1,186	1,175	986
Oils ¹ and fats	1,904	1,724	1,283
Other foodstuffs	3,502	2,924	2,010
Iron ore	7,565	7,004	6,205
Pyrites	782	951	854
Iron and steel, other metals and ores, guns, ammunition, &c.	3,624	3,605	4,251
Nitrates, chemicals, tanning substances, &c.	636	681	592
Mineral oils and lubricating oils not imported in tankers	267	327	427
Wool	434	305	334
Cotton	971	969	736
Flax, hemp, jute, silk, and textile manufactures	756	631	433
Timber and manufactures	11,684	6,373	3,012
Hides, leather and skins	208	203	182
Tobacco	75	77	22
Paper and paper-making materials	1,873	1,280	586
Miscellaneous, including certain munitions, &c., which cannot be separated in Trade Returns	4,087	2,923	2,467
Total	52,793	42,326	34,417

¹ Includes castor oil.

STATISTICS

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ITALY.

Imports in 1,000 tons.

<i>Commodity.</i>	1913. <i>Tons.</i>	Imports, 1916. <i>Tons.</i>	1917. <i>Tons.</i>
Cereals for human consumption	—	—	2,388
Cereals for animal consumption	—	—	290
Peas, beans and dried vegetables	—	—	31
Sugar	—	—	60
Meat	—	—	101
Oils and fats	—	—	38
Other foodstuffs	—	—	95
Castor oil	—	—	1
Mineral oils	—	—	77
Iron ore	—	—	—
Pyrites	—	—	—
Iron and steel and other metals and ores, guns, ammunition, &c.	—	—	1,507
Nitrates, chemicals, tanning substances, &c.	—	—	243
Coal and coke	—	—	5,042
Wool	—	—	40
Cotton	—	—	180
Flax, hemp, jute, silk, and textile manufactures	—	—	31
Timber and manufactures	—	—	46
Hides, leather and skins	—	—	21
Tobacco	—	—	25
Paper and paper-making materials	—	—	30
Miscellaneous	—	—	863
Total	18,000	15,500	11,109

FRANCE.

Imports in 1,000 tons.

<i>Commodity.</i>	1913. <i>Tons.</i>	Imports, 1916. <i>Tons.</i>	1917. <i>Tons.</i>
Cereals and pulses	—	—	2,510
Cereals for animal consumption	—	—	727
Sugar	—	—	601
Meat	—	—	301
Oils and fats	—	—	715
Other foodstuffs	—	—	1,118
Castor oil	—	—	78
Iron ore	—	—	—
Pyrites	—	—	—
Iron and steel and other metals and ores, guns, ammunition, &c.	—	—	5,495
Nitrates, chemicals, tanning substances, &c.	—	—	1,449
Coal and coke	—	—	17,279
Wool	—	—	71
Cotton	—	—	274
Flax, hemp, jute, silk, and textile manufactures	—	—	256
Timber and manufactures	—	—	238
Hides, leather and skins	—	—	57
Tobacco	—	—	35
Paper and paper-making materials	—	—	238
Miscellaneous	—	—	760
Total	43,500 ¹	39,000 ¹	32,202

¹ Totals taken from Ministère des Finances Documents Statistiques sur le Commerce de la France, December 1916, but oil fuel has been deducted.

TABLE No. 5

TABLE SHOWING TOTAL ESTIMATED WEIGHT OF BRITISH IMPORTS MONTHLY
FROM JULY 1917 TO OCTOBER 1918 WITH MONTHLY AVERAGE.

Estimated weight in thousands of tons.

<i>Month and year.</i>	<i>Food, drink, and tobacco.</i>	<i>Raw materials.</i>	<i>Manufactured articles.</i>	<i>Total including miscellaneous and unclassified.</i>
1917				
July . . .	1,604	1,607	203	3,418
August . . .	1,261	1,765	347	3,382
September . . .	957	1,590	312	2,868
October . . .	808	1,743	313	2,887
November . . .	817	1,722	370	2,944
December . . .	599	1,401	304	2,308
Total . . .	6,046	9,828	1,849	17,807
Monthly average . .	1,008	1,638	308	2,968
1918				
January . . .	694	1,736	339	2,779
February . . .	779	1,510	266	2,559
March . . .	816	1,644	310	2,772
April . . .	1,233	1,509	339	3,087
May . . .	1,396	1,627	328	3,354
June . . .	915	1,559	226	2,700
Total . . .	5,833	9,585	1,808	17,251
Monthly average . .	972	1,598	301	2,875
1918				
July . . .	822	1,759	402	2,986
August . . .	1,002	1,871	372	3,247
September . . .	855	1,540	355	2,756
October . . .	1,005	1,527	484	3,018
Total . . .	3,684	6,697	1,613	12,007
Monthly average . .	921	1,674	403	3,002

TABLE No. 6

WAR LOSSES OF MERCHANT VESSELS OF ALLIED AND NEUTRAL NATIONS
AUGUST 1914 TO NOVEMBER 1918. LOSSES OF ALL CLASSES OF
VESSELS IN GROSS TONNAGE IN EACH MONTH.

	1914					
	<i>August.</i>	<i>September.</i>	<i>October.</i>	<i>November.</i>	<i>December.</i>	<i>Total.</i>
America . .	—	—	—	—	—	—
Belgium . .	34	—	—	—	—	34
Brazil . .	—	—	—	—	—	—
British Empire	46,603	79,798	83,651	15,730	26,596	252,738
Cuba . .	—	—	—	—	—	—
France . .	—	—	2,221	5,183	7,010	14,414
Greece . .	40	613	1,802	7	—	2,462
Italy . .	—	48	—	—	—	48
Japan . .	—	—	—	—	—	—
Peru . .	—	—	—	—	—	—
Portugal . .	—	—	—	—	—	—
Roumania . .	—	285	—	—	—	285
Russia . .	717	—	3,377	—	—	4,094
Uruguay . .	—	—	—	—	—	—
Argentine . .	—	—	—	—	—	—
Denmark . .	6,868	1,270	—	580	2,458	11,176
Holland . .	5,388	3,804	1,127	200	1,455	11,974
Norway . .	5,102	1,234	694	1,507	3,365	11,902
Persia . .	—	—	758	—	—	758
Spain . .	—	—	—	—	—	—
Sweden . .	—	2,534	1,652	2,595	3,094	9,875
Total 1914 . .	64,752	89,586	95,282	25,802	43,978	319,400

ALLIED SHIPPING CONTROL

WAR LOSSES OF MERCHANT VESSELS OF ALLIED AND NEUTRAL NATIONS AUGUST 1914 TO NOVEMBER 1918. LOSSES OF ALL CLASSES OF VESSELS IN GROSS TONNAGE IN EACH MONTH.

1915.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
America .	3,374	4,050	—	3,331	—	—	1,924	1,571	1,904	—	—	—	16,154
Belgium .	68	5	—	—	—	7,058	3,774	4,553	—	1,850	—	4,215	21,523
Brazil .	—	—	—	—	—	—	—	—	—	—	—	—	—
British Empire .	32,403	36,636	79,230	29,376	92,924	90,605	56,418	149,084	99,731	54,287	89,929	74,848	885,471
Cuba .	—	—	—	—	—	—	—	—	—	—	—	—	—
France .	4,390	14,487	4,909	399	3,857	1,419	6,962	2,212	16,409	20,430	12,124	6,389	93,987
Greece .	6	—	—	2,989	—	1,128	29	—	76	2,508	3,883	5,132	15,751
Italy .	—	—	—	—	8	1,373	1,987	—	3,420	1,220	20,939	10,432	39,379
Japan .	—	—	—	—	—	—	—	—	—	—	9,302	14,155	23,457
Peru .	—	—	—	—	—	—	—	—	—	—	—	—	—
Portugal .	—	—	—	348	623	—	—	—	—	—	—	—	871
Roumania .	—	—	—	—	—	—	—	—	—	—	—	—	—
Russia .	1,315	—	—	9,061	251	5,155	16,403	1,265	1,145	—	226	—	34,821
Uruguay .	—	—	—	—	—	—	—	—	—	—	—	—	—
Argentina .	—	—	—	—	—	—	—	—	—	—	—	—	—
Denmark .	968	—	—	—	13,183	1,895	777	453	3,320	—	—	—	20,621
Holland .	—	—	2,088	5,284	100	2,099	—	157	15,401	1,751	94	2,376	29,350
Norway .	2,291	5,012	544	4,010	9,485	20,308	16,584	13,560	5,012	5,177	8,077	4,146	94,206
Persia .	—	—	—	—	—	—	—	—	—	—	—	—	—
Spain .	—	—	—	—	—	—	—	—	—	—	—	—	—
Sweden .	3,366	—	1,598	3,802	4,552	4,598	2,186	3,762	1,107	—	—	—	3,762
Total 1915 .	48,181	60,190	88,309	58,500	124,983	135,638	107,044	183,596	147,525	88,066	144,901	124,623	1,312,216

1916.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
America	—	—	—	—	—	2,294	—	—	—	692	11,734	—	14,720
Belgium	64	6,543	—	—	—	—	—	5,773	1,433	1,810	222	200	16,045
Brazil	—	—	—	—	2,258	—	—	—	—	—	—	—	2,258
British Empire	72,234	69,159	98,409	138,689	64,690	32,273	80,925	43,554	107,360	170,120	180,078	174,376	1,231,867
Cuba	—	—	—	—	—	—	—	—	—	—	—	—	—
France	1,298	13,221	20,871	5,795	12,583	9,868	5,574	8,876	13,142	27,379	21,850	29,372	169,829
Greece	—	2,461	18	1,110	5,058	3,546	650	7,088	6,581	15,894	22,101	21,599	86,106
Italy	4,277	3,301	2,790	336	25,400	36,635	18,302	60,750	22,439	22,240	6,658	30,190	233,318
Japan	—	—	—	—	—	3,091	—	6,264	—	—	3,512	3,208	16,075
Peru	—	—	—	—	—	—	—	—	—	—	—	—	—
Portugal	—	—	—	—	—	—	—	—	—	—	1,041	—	1,041
Roumania	—	—	—	—	—	—	—	269	—	3,894	15	256	4,434
Russia	—	—	—	844	593	762	1,107	2,774	1,153	13,685	114	5,227	33,552
Uruguay	—	6,966	327	—	—	—	—	—	—	—	—	—	—
Argentina	—	—	—	—	—	—	—	—	—	—	—	—	—
Denmark	—	—	4,086	6,480	787	—	1,324	5,217	6,211	4,864	11,379	19,003	59,321
Holland	7,667	7,788	21,882	4,384	1,569	2,200	3,503	1,537	8,482	5,271	5,719	—	71,002
Norway	4,433	2,203	14,925	15,765	6,036	12,636	3,342	11,455	45,327	66,591	36,214	47,934	276,861
Persia	—	—	—	—	—	—	—	—	—	—	—	—	—
Spain	4,844	—	1,137	4,787	2,845	4,501	—	8,254	6,626	—	3,158	10,144	46,296
Sweden	—	2,881	1,115	4,872	1,136	2,966	524	3,266	3,684	10,595	4,909	6,896	42,844
Total 1916	94,817	114,523	165,560	183,032	122,955	110,772	115,251	165,077	222,438	344,035	318,704	348,405	2,305,569

WAR LOSSES OF MERCHANT VESSELS OF ALLIED AND NEUTRAL NATIONS AUGUST 1914 TO NOVEMBER 1918. LOSSES OF ALL CLASSES OF VESSELS IN GROSS TONNAGE IN EACH MONTH.

1917.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
America . . .	—	4,443	20,886	22,846	18,065	20,104	27,106	6,487	13,095	16,855	16,075	—	165,965
Belgium . . .	5,440	16	5,962	5,990	—	900	2,734	—	7,049	1,759	4,296	1,463	35,609
Brazil . . .	—	—	—	4,461	3,670	—	—	—	—	—	1,891	—	10,022
British Empire . . .	153,899	310,868	352,344	526,447	345,293	398,773	359,539	331,370	186,647	261,873	175,194	257,807	3,660,034
Cuba . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
France . . .	48,131	38,321	40,836	38,811	27,348	53,534	33,135	42,452	67,243	18,388	32,435	18,800	459,454
Greece . . .	12,874	16,972	12,073	45,316	27,476	37,556	15,239	12,531	15,277	11,689	13,457	15,610	236,070
Italy . . .	22,207	37,748	15,607	51,350	22,975	38,253	30,542	29,491	2,724	52,762	5,826	27,057	336,522
Japan . . .	5,097	3,837	2,532	—	13,844	2,143	10,961	2,929	6,557	10,367	—	—	57,267
Peru . . .	—	1,374	—	—	—	—	—	—	—	—	—	—	1,374
Portugal . . .	295	109	7,294	—	201	2,603	538	485	246	377	619	4,166	16,933
Roumania . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Russia . . .	5,213	10,213	2,822	15,878	12,918	6,475	6,851	9,742	10,973	6,946	2,604	7,032	97,567
Uruguay . . .	—	—	—	1,957	—	—	—	—	—	—	—	—	1,957
Argentina . . .	—	—	—	281	—	2,241	—	—	—	—	—	—	2,522
Denmark . . .	17,919	1,460	3,678	33,424	7,862	16,949	12,068	8,415	3,760	8,890	3,484	5,691	123,600
Holland . . .	9,921	38,631	9,319	2,598	3,643	11,921	3,265	—	137	2,655	5,447	1,140	88,617
Norway . . .	62,584	56,610	108,065	99,041	71,186	61,346	48,181	38,244	28,320	33,962	17,355	35,055	659,949
Persia . . .	—	—	—	—	—	—	—	—	—	—	—	—	—
Spain . . .	14,135	5,044	6,103	6,075	7,620	4,902	3,345	2,671	69	—	2,440	6,203	58,667
Sweden . . .	7,052	11,936	2,964	2,132	12,216	7,725	5,995	3,858	—	2,936	3,427	6,735	65,976
Total 1917 . . .	364,767	536,582	590,545	866,610	574,317	665,405	549,359	488,675	342,097	429,459	284,550	385,759	6,078,125

1918.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	Total.
America . . .	2,981	9,771	4,922	2,680	13,505	28,699	5,909	46,937	14,574	9,202	3,070	142,230
Belgium . . .	201	174	2,556	7,423	242	2,966	4,881	6,663	694	2,360	2,430	30,590
Brazil . . .	—	—	—	—	—	—	—	—	—	—	—	—
British Empire . . .	173,387	213,045	199,426	214,426	179,395	143,639	163,801	143,944	129,483	56,330	15,352	1,632,238
Cuba . . .	—	—	—	—	—	—	—	—	—	1,510	—	1,510
France . . .	31,420	11,484	15,795	23,143	21,207	15,799	18,761	26,782	4,854	8,802	—	178,107
Greece . . .	14,935	5,306	5,199	10,232	9,181	419	5,369	670	4,854	239	1,305	57,699
Italy . . .	28,285	28,623	37,964	5,254	18,168	9,520	14,065	570	380	7,624	—	150,453
Japan . . .	3,038	—	4,555	—	—	—	—	7,029	—	7,935	—	22,557
Peru . . .	—	—	—	—	—	—	—	—	—	—	—	—
Portugal . . .	670	403	929	337	—	—	1,287	1,147	1,105	3,403	—	9,281
Roumania . . .	—	—	—	—	—	—	—	—	—	—	—	—
Russia . . .	9,642	—	—	1,189	1,309	—	—	909	—	—	—	13,049
Uruguay . . .	—	—	—	—	—	1,638	—	—	—	—	—	1,638
Argentina . . .	1,753	—	—	—	—	—	—	—	—	—	—	1,753
Denmark . . .	4,103	118	7,361	—	2,125	670	3,174	10,943	217	278	—	28,989
Holland . . .	4,575	821	115	461	187	2,196	264	1,177	279	—	851	11,026
Norway . . .	17,820	16,175	24,622	4,785	7,710	21,720	8,991	19,196	6,903	8,268	1,208	137,398
Persia . . .	—	—	—	—	—	—	—	—	—	—	—	—
Spain . . .	5,151	12,962	13,629	3,753	3,146	5,882	5,150	4,523	—	5,570	—	59,766
Sweden . . .	5,647	6,627	3,635	1,353	7,245	8,232	6,289	6,032	3,265	1,483	—	49,808
Totals 1918 . . .	303,608	305,509	320,708	275,016	263,420	241,380	237,941	276,522	166,608	113,054	24,316	2,523,082

ALLIED SHIPPING CONTROL

TABLE No. 7

ITALIAN COAL.

Execution March 1918–February 1919.

	<i>Shipments British coal by long sea route. Tons.</i>	<i>British coal passing Italian frontier. Tons.</i>	<i>French coal passing Italian frontier. Tons.</i>	<i>French coal on board at Mediter- ranean ports. Tons.</i>	<i>Total. Tons.</i>
Programme .	150,000	100,000	170,000	180,000	600,000
Mar. 15–Apr. 14 .	227,372	161,135	132,109	104,802	625,418
Apr. 15–May 14 .	246,545	123,973	137,082	88,169	595,769
May 15–June 14 .	161,194	108,918	108,122	111,943	490,177
June 15–July 14 .	281,500	116,931	104,962	111,565	614,958
July 15–Aug. 14 .	302,839	93,994	107,459	124,439	628,731
Aug. 15–Sept. 14 .	295,804	97,932	104,578	105,000	603,314
Sept. 15–Oct. 14 .	289,492	88,137	91,335	93,971	562,935
Oct. 15–Nov. 14 .	402,986	85,175	68,383	80,479	637,023
Nov. 15–Dec. 14 .	378,406	69,250	21,188	34,932	503,776
Dec. 15–Jan. 14 .	267,118	45,265	8,423	25,476	346,282
Jan. 15–Feb. 14 .	628,296	16,201	4,339	14,899	663,735
Total 11 months	3,481,552	1,006,911	887,980	895,675	6,272,118
Programme, 11 months .	1,650,000	1,100,000	1,870,000	1,980,000	6,600,000

In addition to the above quantities, a special military allocation of 150,000 tons of British coal was despatched to Italy.

FRENCH COAL.

Execution March 1918–February 1919.

	<i>Tons.</i>
Programme per month	1,740,000
April	1,495,000
May	1,530,000
June	1,260,000
July	1,489,000
August	1,394,000
September	1,244,000
October	1,251,000
November	1,262,000
December	1,154,000
January	1,217,000
Total 10 months	13,296,000
Programme 10 months	17,400,000

BELGIAN RELIEF.

Execution June 1918–November 1918.

<i>Month.</i>	<i>Programme.</i>	<i>Execution.</i>
June–August	360,000	334,070
September	122,500	80,170
October	161,000	163,940
November	111,800	116,500
Total	755,300	694,680

TABLE No. 8

MERCHANT VESSELS LAUNCHED DURING THE WAR PERIOD (100 G.T. AND UPWARDS).

	1914.	1915.	1916.	1917.	1918.
United Kingdom and Dominions	714 : 1,706,000	354 : 664,000	342 : 630,000	366 : 1,229,000	485 : 1,579,000
United States coast and Lakes	94 : 201,000	84 : 177,000	211 : 504,000	326 : 998,000	929 : 3,033,000
Rest of world (excluding Austria and Germany)	389 : 499,000	301 : 351,000	407 : 544,000	395 : 683,000	430 : 786,000
Total	1,197 : 2,406,000	739 : 1,192,000	960 : 1,678,000	1,087 : 2,910,000	1,844 : 5,398,000

TABLE No. 9

SCHEDULE OF TONNAGE BROUGHT ON TO UNITED KINGDOM AND COLONIAL REGISTERS FROM NEW CONSTRUCTION
AUGUST 1914 TO OCTOBER 1918.

(British—all classes.)

	1914.	1915.	1916.	1917.	1918.
January	—	101,000	40,000	76,000	95,000
February	—	74,000	27,000	92,000	88,000
March	—	71,000	26,000	158,000	146,000
		246,000	93,000	326,000	329,000
April	—	110,000	21,000	77,000	99,000
May	—	63,000	58,000	81,000	164,000
June	—	71,000	34,000	147,000	160,000
		244,000	113,000	305,000	423,000
July	—	59,000	48,000	72,000	160,000
August	82,000	41,000	46,000	109,000	120,000
September	72,000	56,000	24,000	106,000	197,000
	154,000	156,000	118,000	287,000	477,000
October	140,000	54,000	69,000	126,000	144,000
November	94,000	51,000	68,000	112,000	—
December	96,000	71,000	83,000	151,000	—
	330,000	176,000	220,000	389,000	144,000
Totals	484,000	822,000	544,000	1,307,000	1,373,000
Grand totals—4,529,635					

NOTE.—These figures differ from the figures in Table 8, which is confined to vessels of 100 tons and upwards, but takes into consideration new vessels immediately they are launched. The figures given in this table may be taken to be the approximate totals of tonnage completed for the British Empire for the periods shown.

TABLE No. 10
NET DIFFERENCE BETWEEN THE NEW CONSTRUCTION OF MERCHANT VESSELS OF THE BRITISH EMPIRE AND LOSSES BY DIRECT WAR CAUSES.

GAINS AND LOSSES OF ALL CLASSES OF VESSELS IN GROSS TONNAGE IN EACH MONTH, BASED UPON TABLES.					
<i>Month and Quarter.</i>	<i>1914.</i>	<i>1915.</i>	<i>1916.</i>	<i>1917.</i>	<i>1918.</i>
January	—	+ 69,000	— 32,000	— 78,000	— 78,000
February	—	+ 38,000	— 42,000	— 219,000	— 125,000
March	—	— 8,000	— 72,000	— 194,000	— 53,000
April	—	+ 81,000	— 118,000	— 449,000	— 115,000
May	—	— 30,000	— 7,000	— 264,000	— 15,000
June	—	— 21,000	+ 2,000	— 252,000	+ 16,000
July	—	+ 3,000	— 33,000	— 288,000	— 4,000
August	+ 35,000	— 108,000	+ 2,000	— 222,000	— 24,000
September	+ 8,000	— 44,000	— 83,000	— 81,000	+ 68,000
October	+ 56,000	—	— 101,000	— 136,000	+ 88,000
November	+ 79,000	— 39,000	— 112,000	— 63,000	—
December	+ 69,000	— 4,000	— 91,000	— 107,000	—
		+ 204,000	— 43,000	— 304,000	+ 88,000
Total		+ 231,000	— 63,000	— 687,000	— 242,000
				— 2,353,000	

TABLE No. 11
EMPLOYMENT OF ALLIED AND NEUTRAL TONNAGE, 31 JULY 1918.
Seagoing Steam Merchant Vessels of 500 Gross Tons and over.
(All figures in thousands of deadweight tons.)

TONNAGE UNDER FLAG OF							Total.
		Italy.	France.	United Kingdom.	United States.	Other Allies.	
Employment of Tonnage.							Neutrals.
I. EMPLOYED IN IMPORT SERVICE OF FOUR PRINCIPAL ALLIES :—							
(a)	In import service of Italy	780	47	1,159	74	240	360
(b)	" " France	49	814	1,979	144	475	580
(c)	" " United Kingdom	..	86	8,060	123	270	270
(d)	" " United States	..	..	445	1,624	100	800
Total	-	829	947	11,643	1,965	1,085	2,010
II. EMPLOYED IN OTHER MERCHANT SERVICE :—							18,479
(a)	In coasting service of flag nation	62	17	366	1,431	685	230
(b)	In colonial service of flag nation	2	39	1,752	120	10	290
(c)	In service of other allies or neutrals	4	8	173	161	1,688	2,405
(d)	In enemy interests	..	..	..	..	2	35
Total	-	68	64	2,291	1,712	2,385	3,020
III. EMPLOYED IN NON-MERCHANT SERVICE :—							9,540
(a)	In military service of flag nation	80	101	2,227	2,002	8	..
(b)	In naval service of flag nation	40	195	2,513	351	..	..
(c)	In other military of naval service (mainly transportation of American troops).	41	23	537	..	37	10
(d)	In other non-merchant service	..	4	..	..	..	..
Total	-	161	323	5,277	2,353	45	4
IV. UNEMPLOYED OR EMPLOYMENT UNKNOWN :—							8,169
(a)	Repairing or remodelling	175	321	1,729	171	?	?
(b)	Otherwise unemployed	14	2	..	128	?	?
(c)	Employment unknown	..	15	..	..	?	?
Total	-	189	338	1,729	299	960	?
Grand Total	-	1,247	1,672	20,940	6,329	4,475	4,675
Tankers of four principal allies, included above		34	24	1,620	1,310		1,160
Total tonnage of four principal allies, excluding tankers		1,213	1,648	19,320	5,019		6,200
							40,863

TABLE No. 12

EMPLOYMENT OF ALLIED AND NEUTRAL TONNAGE, 31ST OCTOBER 1918.

Seagoing Steam Merchant Vessels of 500 Gross Tons and over.

(All figures in thousands of deadweight tons.)

TONNAGE UNDER FLAG OF									

TABLE

SUMMARY, BY MONTHS AND QUARTERS, OF LOSSES (WAR AND MARINE CAUSES)
1ST JANUARY TO

Seagoing Steam Merchant Vessels

(All figures in thousands)

<i>Period.</i>	<i>Italy.</i>			<i>France.</i>			<i>United Kingdom.</i>		
	<i>Total Losses.</i>	<i>Total Gains.</i>	<i>Net Loss or Gain.</i>	<i>Total Losses.</i>	<i>Total Gains.</i>	<i>Net Loss or Gain.</i>	<i>Total Losses.</i>	<i>Total Gains.</i>	<i>Net Loss or Gain.</i>
January - - -	29	8	- 21	46	..	- 46	320	108	-212
February - - -	38	3	- 35	10	..	- 10	362	137	-225
March - - -	64	8	- 58	23	..	- 23	319	263	- 56
1st Quarter - - -	131	19	-112	79	..	- 79	1,001	508	-493
April - - -	5	11	+ 6	30	..	- 30	341	155	-186
May - - -	28	13	- 15	24	..	- 24	312	281	- 31
June - - -	5	17	+ 12	25	..	- 25	247	200	- 47
2nd Quarter - - -	38	41	+ 3	79	..	- 79	900	636	-264
July - - -	34	8	- 26	20	..	- 20	249	231	- 18
August - - -	..	..	..	32	..	- 32	238	221	- 17
September - - -	3	..	- 3	11	9	- 2	226	232	+ 6
3rd Quarter - - -	37	8	- 29	63	9	- 54	713	684	- 29
October - - -	11	..	- 11	13	..	- 13	121	227	+106
Total for Period - - -	217	68	-149	234	9	-225	2,735	2,055	-680

NOTE.—'Losses', 'Gains', and 'Net Loss or Gain' in this table are exclusive of

No. 13

AND GAINS IN ALLIED AND NEUTRAL TONNAGE FOR THE PERIOD FROM
31ST OCTOBER 1918.

of 500 Gross Tons and over.

of deadweight tons.)

United States.			Other Allies.			Neutrals.			Total.		
Total Losses.	Total Gains.	Net Loss or Gain.	Total Losses.	Total Gains.	Net Loss or Gain.	Total Losses.	Total Gains.	Net Loss or Gain.	Total Losses.	Total Gains.	Net Loss or Gain.
8	96	+ 88	42	50	+ 8	57	24	- 33	502	286	- 216
21	137	+ 116	25	50	+ 25	69	24	- 45	525	351	- 174
24	132	+ 158	45	50	+ 5	83	24	- 59	558	527	- 31
53	415	+ 362	112	150	+ 38	209	72	- 137	1,585	1,164	- 421
27	191	+ 164	25	20	- 5	27	41	+ 14	455	418	- 37
54	283	+ 229	11	95	+ 84	32	12	- 20	461	684	+ 223
50	302	+ 252	8	80	+ 72	48	53	+ 5	383	652	+ 269
131	776	+ 645	44	195	+ 151	107	106	- 1	1,299	1,754	+ 455
44	270	+ 226	33	63	+ 30	24	6	- 18	404	578	+ 174
70	345	+ 275	48	110	+ 62	49	19	- 30	437	695	+ 258
46	386	+ 340	30	78	+ 48	28	25	- 3	344	730	+ 386
160	1,001	+ 841	111	251	+ 140	101	50	- 51	1,185	2,003	+ 818
44	429	+ 385	30	76	+ 46	38	35	- 3	257	767	+ 510
388	2,621	+ 2,233	297	672	+ 375	455	263	- 192	4,326	5,688	+ 1,362

changes in tonnage due to transfers of flag and sundry adjustments.

TABLE No. 14

IMPORT PROGRAMMES. SEPT.-DEC. 1918.

Requirements and Arrivals. Position as on 16th November 1918.

	<i>Require- ments. Sept.- Dec.</i>	<i>Actual. Sept.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Estimated (or tonnage arranged). Dec.</i>	<i>Total.</i>	<i>Arrival expressed as of require- ments.</i>
<i>United Kingdom.</i>							
Cereals - - -	2,050,000	596,732	654,688	592,284	500,926	2,344,630	114.4
Meats - - -	400,000	118,251	103,537	98,723	119,275	439,786	109.9
Fats - - -	180,000	52,646	41,147	33,452	32,436	159,681	88.7
Miscellaneous foods—							
Class A - - -	140,000	28,850	45,906	40,206	40,648	155,610	111.1
Sugar - - -	380,000	98,139	140,794	67,645	102,609	409,187	107.6
Miscellaneous foods—							
Class B - - -	24,900	5,892	1,355	3,639	36	10,922	43.8
Seeds and oils -	400,000	90,654	92,781	133,447	96,561	413,443	103.4
Total - - -	3,560,000	991,164	1,080,208	969,396	892,491	3,933,259	110.5
<i>France.</i>							
Cereals - - -	840,000	363,190	266,770	156,261	136,369	922,590	109.8
Meats - - -	160,000	29,160	36,936	34,218	53,289	153,603	96.0
Fats - - -	—	56	43	—	—	99	—
Miscellaneous foods—							
Class A - - -	40,000	1,668	2,817	1,225	3,500	9,210	23.0
Sugar - - -	150,000	22,243	34,332	49,957	34,863	141,395	94.2
Miscellaneous foods—							
Class B - - -	40,000	3,873	3,439	976	1,000	9,288	23.2
Seeds and oils -	200,000	10,223	20,637	51,329	80,259	162,448	81.2
Total - - -	1,430,000	430,413	364,974	293,966	309,280	1,398,633	97.8
<i>Italy.</i>							
Cereals - - -	995,000	222,186	360,065	257,569	197,393	1,037,213	104.2
Meats - - -	145,000	15,328	33,806	27,289	40,235	116,658	80.4
Fats - - -	10,000	818	2,034	1,759	2,723	7,334	24.4
Miscellaneous foods—							
Class A - - -	45,000	3,298	3,374	2,335	1,905	10,912	24.2
Sugar - - -	15,000	3,843	1,860	4,840	6,171	16,714	111.4
Miscellaneous foods—							
Class B - - -	—	—	—	—	—	—	—
Seeds and oils -	50,000	—	282	—	6,147	6,429	12.8
Total - - -	1,260,000	245,473	401,421	293,792	254,574	1,195,260	94.8

NOTE.—This table shows the shipping actually arranged at the time of the Armistice in execution of the new food programme for the cereal year beginning in September 1918. It will be seen that the cereal tonnage required had been fully provided for every country, and that though the arrangements were less complete for other foodstuffs (for which Allied responsibility was more recent), the maximum total deficit for any country was less than 6 per cent. See p. 232.

TABLE No. 15

NEUTRAL 'POOL' TONNAGE IN VARIOUS SERVICES AS ALLOCATED UNDER DIRECTION OF
THE ALLIED MARITIME TRANSPORT EXECUTIVE AT THE END OF EACH MONTH FROM 31ST
MAY 1918 TO 31ST OCTOBER 1918 (see p. 237).
(Figures in Deadweight Tons.)

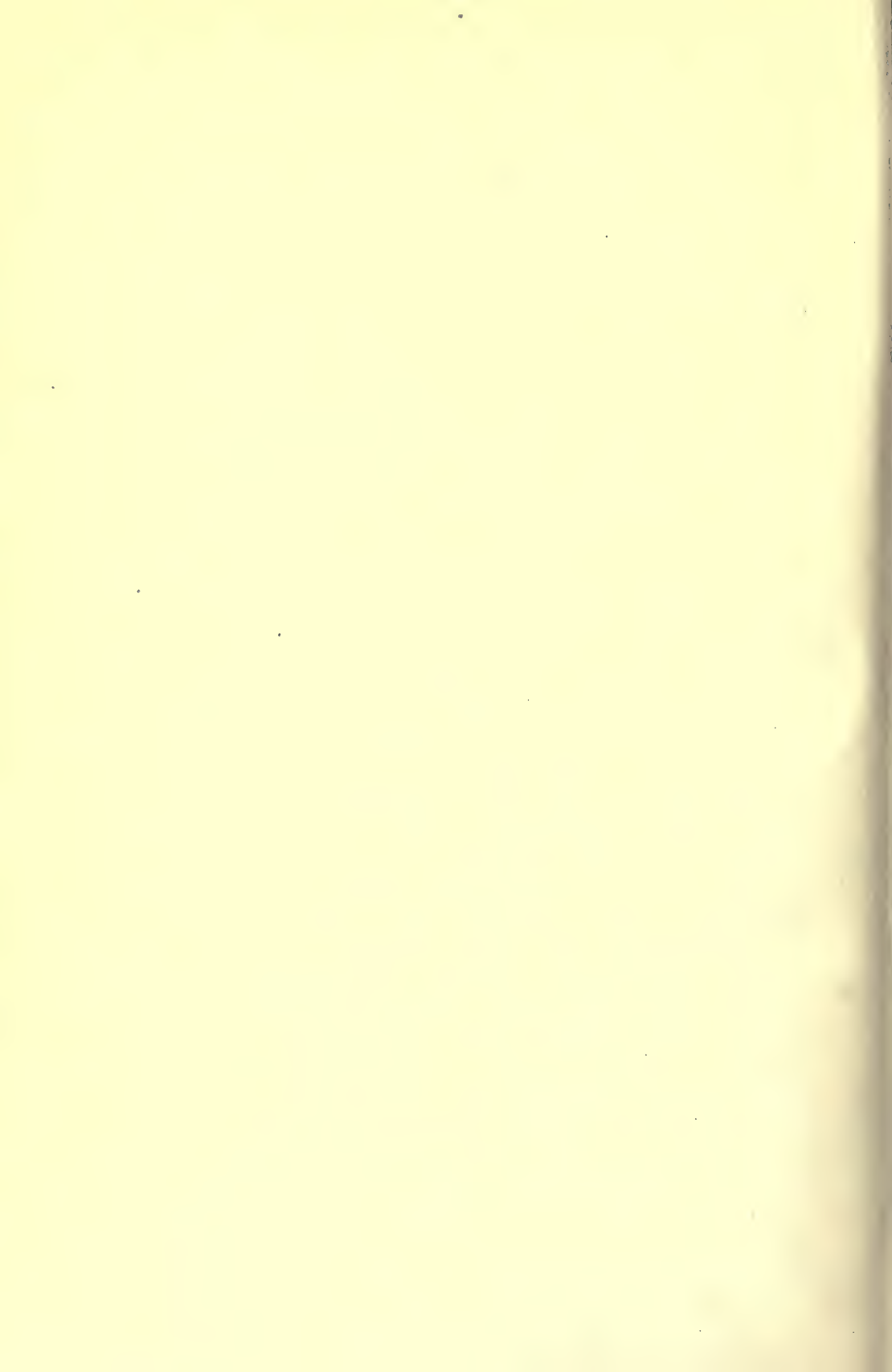
Service.	May 31.	June 30.	July 31.	Aug. 31.	Sept. 30.	Oct. 31.
Total: All Services - -	60,825	173,715	350,637	416,912	463,034	480,337
French coal (cross-Channel) -	9,515	22,655	42,605	51,457	58,312	61,867
French Bay Trade - -	-	7,280	30,405	47,300	46,810	49,398
Italian Blaye Trade - -	13,895	23,165	49,625	50,273	51,113	54,818
U.K.—It. Coal/Ore - -	9,865	13,965	35,545	49,495	59,995	60,875
Italian Mediterranean - -	2,600	5,940	5,100	15,350	15,350	19,650
Swedish Ore - -	-	-	-	17,310	17,310	17,310
Wheat Executive - -	10,300	38,900	52,740	72,400	95,167	99,342
Belgian Relief - -	11,110	51,260	118,232	93,922	98,572	98,572
Miscellaneous - -	3,540	10,550	16,325	20,405	20,405	18,505

TABLE No. 16

NEUTRAL 'POOL' TONNAGE IN SERVICE AT THE END OF EACH MONTH, 31ST MAY 1918 TO 31ST OCTOBER 1918,
CLASSIFIED BY FLAG.

Date.	Total: All Flags.			Norwegian.			Swedish.			Danish.			Dutch.		
	No.	Gross.	D. W.	No.	Gross.	D. W.	No.	Gross.	D. W.	No.	Gross.	D. W.	No.	Gross.	D. W.
May 31 - - -	25	38,677	60,825	15	26,366	43,785	-	-	-	9	12,156	16,815	1	155	225
June 30 - - -	65	111,625	173,715	36	65,747	103,880	11	25,805	41,400	17	19,918	28,210	1	155	225
July 31 - - -	132	227,859	350,637	53	103,180	154,770	59	102,220	163,557	19	22,459	32,085	1	155	225
August 31 - - -	160	274,629	416,912	68	126,815	185,990	71	123,589	196,447	20	24,070	34,250	1	155	225
September 30 - -	173	295,444	463,034	77	136,071	212,535	71	125,095	198,737	24	34,123	51,537	1	155	225
October 31 - - -	180	306,646	480,337	77	131,547	205,055	73	127,744	202,737	29	46,800	72,320	1	155	225

NORW.—This tonnage was chartered neutral tonnage, sailing under neutral flag; it is in addition to the neutral tonnage which was requisitioned. The latter sailed under the national flag of the requisitioning ally and was treated as part of its own mercantile marine (see pp. 108).



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